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October 14, 1991

Pensions & Investments

The Newspaper of Corporate and Institutional Investing — $9 An Issue $135 A Year

AT DEADLINE

Alcoa shifts GIC portfolio

Alcoa has shifted its approximately $450 million GIC portfolio in its $670 million defined contribution plan to Fidelity from Morley Capital.

Eastern pilots sue over plan

A group of retired Eastern pilots is suing Charles G. Dyer, director-Eastern Airlines Variable Benefit Plan for Pilots, alleging mismanagement, the Boston Globe reported. Other defendants include the pilots association and Eastern.

Fund makes foreign move

The $55 million Donaldson Co. pension fund made its first international move, giving Frank Russell Trust's international equity fund an undisclosed amount, said John R. Schweers, treasurer. Other managers' allocations were reduced. Jeffrey Slocum was consultant.

Agway picks PanAgora

The $333 million Agway pension fund hired PanAgora Asset Management to run $15 million in a country-weighted index fund based on EAFE, said John Ryan, director-trust investments.

George Clark joins Rogge

George Clark, formerly a principal at Morgan Stanley International, will join Rogge Global Partners as a partner and director.

RTC picks Equitable Capital

Resolution Trust Corp. has appointed Equitable Capital Management collateral manager for a newly issued $194.5 million collateralized bond obligation.

INSIDE

LINDA SUE SCOTT

In with the new

Basil Schwann will take over as the executive director of the Washington State Investment Board, where trustees are planning to take a more active role in the decision-making process. Page 57.

JOE WILSSENS

General Motors' pension fund is eyeing a commitment to Batterymarch's Soviet Companies Fund.

Funds eye Soviet investing

AT&T, GM and IBM could commit to Batterymarch

By Joel Chernoff

The pension funds of American Telephone & Telegraph Co., General Motors Corp. and IBM Corp. are considering making commitments to Batterymarch Financial Management's Soviet Companies Fund, sources said.

A fourth pension fund also is contemplating an investment in the fund, which is designed to raise $250 million for investment in Soviet joint-stock companies. Batterymarch hopes to close the pioneering fund by Nov. 30 and make its first investments shortly thereafter. Six Soviet companies have been targeted for investment (*Pensions & Investments*, July 22.)

W. Gordon Binns Jr., president of General Motors Investment Management Corp., New York, said GM has been involved with the Soviet Companies Fund since its conception, but said the $34 billion pension fund is not yet ready to make a commitment.

"We're impressed with the progress to date that they've made but find a number of questions remain to be resolved," Mr. Binns said. Problems include the Soviet Union's current political instability, lack of a body of corporate law, need for convertibility of the ruble, and exit mechanisms to permit investors to repatriate principal and profits.

"We're working closely with Batterymarch in the expectation a structure can be evolved that will permit an ERISA fiduciary to be-

See **Soviet** *on page 58*

Company places cap on retiree health costs

By Hillary Durgin

PITTSBURGH — Westinghouse Electric Co. is capping its future contribution to retiree health coverage, and is giving employees an innovative way to save for future medical expenses.

The changes, driven by FAS 106 rules requiring companies to book their retiree medical liabilities, are expected to knock millions of dollars off Westinghouse's bottom line and keep retiree medical costs at current levels.

Separately, Westinghouse will contribute a total of $400 million in company stock to its pension plan in lieu of cash in 1991 and 1992.

The stock contribution "will improve the company's cash flow and it will also represent greater funding for the pension plan than we might have done," said Edwin Goff, director total compensation management at Westinghouse. Improving the plan's funding has been a company objective, he added.

The stock feature was announced last week as part of a comprehensive strategy to improve operating and financial performance at the company, which reported a third-quarter net loss of $1.5 billion on revenue of $3.4 billion, primarily the result of poor performance at its financial services subsidiary.

As part of the recovery plan, the company intends to issue $900 million in equity — including the pension contribution — and im-

See **Cap** *on page 59*

Plan revamp sparks interest in equities

By Hillary Durgin

DETROIT — Michigan Consolidated Gas Co. has overhauled the administration and investment of its $150 million defined contribution plan, enhancing participant control and diversifying the funds.

MichCon's experience provides insight into the objectives and decisions many companies face with the growth of defined contribution plans as a primary source of retirement income.

Spurred by employees' requests for added flexibility and access to their accounts, and concerned over participants' ability to save for retirement, MichCon hired The Putnam Cos. Inc., Boston, as the investment manager, record keeper and trustee for the new program, which went into effect Sept. 1.

MichCon's addition of two new equity options to a low-risk equity option it already offered and an exhaustive education program engineered by Putnam propelled a significant group of plan participants, many of whom are young, to diversify their accounts into equities and away from guaranteed investment contracts.

The shift reduced the fund's fixed-income allocation to 40% from 50% and increased equities to between 25% and 30% from 15% previously. It also achieved

See **MichCon** *on page 56*

Participant education played an important role in Michigan Consolidated Gas' restructuring of its defined contribution plan.

NEWS DIGEST

RICHARD STERGULZ

A capital shortage exists for start-up and emerging-growth companies as institutional investors move away from purchasing the debt of these firms. In Commentary, Page 14.

Trustees for Philadelphia's municipal pension fund are suing the city for failing to make an $87 million contribution. Page 6.

Two recent studies reach different conclusions on whether corporate governance practices, such as poison pills, affect a company's performance. Page 50.

SPECIAL REPORT: MASTER TRUST/GLOBAL CUSTODY

Many sponsors see benefits to maintaining multiple trust and custody relationships. Also, *P&I* reveals the results of its manager satisfaction survey. Page 17.

U.S. banks tout technology as they aggressively pursue master custody relationships with U.K. pension funds, a largely untapped market. Page 18.

FINANCING

Republic Health, a pioneer in pre-packaged bankruptcy filing, will use a $55 million equity infusion from institutions to reduce its debt load. Page 3.

Issuers are expected to flood the asset-backed market with the traditional fourth-quarter surge, but investors are holding back until spreads widen. Page 50.

INTERNATIONAL

AT&T, General Motors and IBM are among the pension funds considering investing in Batterymarch's Soviet Companies Fund. Page 1.

West Japan Plastics taps London-based Baring International Investment Management, making it the first private Japanese fund to hire a foreign adviser. Page 4.

REAL ESTATE

The Massachusetts PRIM board has taken a $130 million hit on its real estate holdings, prompting one of its advisers to offer to resign. Page 2.

The Oregon Treasury Department's commercial mortgage program is under investigation for "apparent irregular transactions." Page 2.

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PRIM takes hit on realty

Share of JMB's Randsworth at zero; AEW offers to resign

By Terry Williams

BOSTON — The Pension Reserve Investment Management Board has devalued its $395 million real estate portfolio to $265 million.

The fund's real estate managers previously had written the properties down to $330 million; the PRIM board has lopped off another $65 million to reflect future writedowns it expects to incur in the next six months to a year.

Among its poorest performing real estate assets is a $25 million investment in Randsworth Trust PLC, JMB Institutional Realty Corp.'s limited partnership that financed its acquisition of a British property company.

Paul Doane, PRIM executive director, said the board marked down its investment with Chicago-based JMB to zero.

Also, a separate account with Aldrich, Eastman & Waltch, Boston, was devalued. The account size, and the extent of the devaluation, could not be determined.

AEW has offered to resign as manager of the properties. Three of PRIM's other real estate managers have been asked to consider taking over AEW's portfolio.

The problems with Randsworth are related to a second mortgage with Citibank, Mr. Doane said.

"To remain outside of receivership, there will have to be a restructuring or refinancing or new capital" from investors, said Mr. Doane.

According to a source familiar with U.K. real estate, receivership is the British equivalent of foreclosure. It's a quick process in which the bank takes the property from the delinquent lender to pay off the debt. The borrower can't contest it, the source said.

Jerry Claeys, chairman of JMB Institutional Realty, confirmed negotiations are under way to restructure financing used in the acquisition of Randsworth. He declined to elaborate.

Mr. Doane said the board has not yet decided whether to invest additional assets in Randsworth.

"We have agreed as a board to retain the services of a U.K. consultant to evaluate the uniqueness of the U.K. market, and based upon the outcome of the negotiations (and the consultant's report, we will) make a determination at that point."

"Certainly the situation is not encouraging," he said.

Real estate professionals say there is no equity left in the Randsworth deal; Mr. Claeys said "it's hard to determine what the exact value is" because the deal involves private securities.

JMB has asked its investors for additional money before. In 1990, the firm needed more capital for tax advantages.

According to sources, JMB bought Randsworth — a deal valued at $800 million — at the top of the market, and the floating-rate debt was issued just prior to a sharp runup in U.K. interest rates.

Randsworth, sources said, also

See **PRIM** *on page 55*

Do pension funds fuel saving?

Economists debate merits of taxation

By Hillary Durgin

Mounting concern over the collapse of saving in America and the growth in the federal deficit is prompting renewed debate over whether pension funds' tax-exempt status is justified.

Whether pensions increase saving and contribute to economic growth overall are the fundamental questions that have led two prominent economists to disagree on the issue of taxing pensions.

John B. Shoven, director, Center for Economic Policy Research at Stanford University, Stanford Calif., says pension funds are the predominant source of saving in America and warns against taxes that could deter economic growth.

Alicia H. Munnell, senior vice president and director of research at the Federal Reserve Bank of Boston, argues there is no evidence pension funds increase net

See **Debate** *on page 57*

"If we focus on the real problem — national saving — then it should be immediately apparent that improving the federal government deficit by taxing pensions more heavily is a pretty crazy idea."

— John Shoven

"Do you buy anything for the country by not taxing compensation paid in the form of deferred compensation as opposed to wages? I don't see much that I would characterize as high-priority objectives being obtained."

— Alicia Munnell

Oregon mortgages investigated

By Steve Hemmerick

SALEM, Ore. — A consultant's study found "lack of controls" in the Oregon treasury's commercial real estate mortgage program, which also is the focus of an Oregon Department of Justice investigation.

According to officials with the state's treasury and justice departments, the investigation concerns what they are calling "apparent irregular transactions" in the internally managed, $582 million mortgage program. The treasury department also is examining the program.

In June, the treasury office commissioned the study by KPMG Peat Marwick, Portland, which coincided with the suspension of Terry Canby, the supervisor of the mortgage program. Mr. Canby, who also was the real estate investment officer for the treasury's investment division, resigned 10 days after being placed on suspension. He has not been replaced. The program "continues to function," said Michael Ryan, executive assistant to the state treasurer.

The treasury investment division manages $18.6 billion in assets, including the $14.5 billion Oregon Public Employes Retirement System. Pension money is in the mortgage program, but officials won't say how much.

Officials of the Oregon justice and treasury departments wouldn't comment on reports published in the Portland Oregonian that Mr. Canby had made questionable swaps of properties in the mortgage program, including one made to an individual who had business dealings with a company in which Mr. Canby was a partner.

They also declined to comment on the Oregonian's report that Mr. Canby had approved questionable mortgages.

But Jim Lemman, public affairs officer for the Oregon Justice Department, said Mr. Canby is part of his office's investigation. He wouldn't comment on whether the department has determined

See **Oregon** *on page 55*

Activist investors pick new proxy weapons

By Joel Chernoff and Marlene Givant Star

WASHINGTON — 1992 might be the least noteworthy season for shareholder resolutions in years, but the most important in how investors approach corporate boards of directors.

Both shareholder resolutions and votes for corporate directors are part of the proxy process. What's new is investors are realizing withholding their vote for board nominees can be a powerful tool, while the old-style shareholder resolution might become the weapon of last resort instead of the weapon of choice.

The announcement by the $64 billion California Public Employees' Retirement System that it will not submit any proxy resolutions for the 1992 annual meeting season — but instead will negotiate privately with companies on issues concerning boards of directors — bears this out.

The decision was based on the fund officials' belief they could be more effective by working quietly behind the scenes than taking a publicly confrontational stance against corporations.

The fund has entered "the dissociation phase," said Dale Hanson, the California fund's chief executive. Taking a conciliatory attitude, Mr. Hanson said: "We discovered we have not been practicing what we preach" in terms of cooperation.

Still, Mr. Hanson said he hopes corporate executives would not view the change as a sign the fund has become "timid or meek."

"I really think corporations would be making a very serious mistake to look at the lack of resolutions as taking something out of the arsenal," Mr. Hanson said.

Meanwhile, the fund increasingly will rely on withholding votes for company directors when it disapproves of the companies' policies, said Rich Koppes, general counsel.

Similarly, the Pennsylvania Public School Employes' Retirement System is "looking to quiet diplomacy" this year, said Richard D. Michlovitz, assistant counsel to the $16 billion retirement system.

Unlike 1991, when it co-sponsored six resolutions with the California fund, "we will not be filing resolutions this year, but we'll be talking to companies. That's for sure," he said. Two key issues will be executive compensation and confidential voting.

Increased willingness by companies to adopt changes persuaded fund officials to change the policy. "It's certainly a lot more constructive to do things on an amicable basis, especially given the expense and resources devoted to shareholder resolutions," Mr. Michlovitz said.

The Florida State Board of Administration will pursue director compensation issues through letter-writing campaigns, a tactic Florida never has tried before, said Luther Jones, manager of corporate affairs.

Yet anyone who thinks shareholders are folding up their tents is sorely mistaken.

Both California and Pennsylvania fund officials note they might return to shareholder resolutions if this year's experiment is not successful. And New York City and others are sticking with the resolution approach because "it raises issues to a higher level of visibility and helps engender wider support from other institutions," said Kevin Berry, assistant press secretary for New York City Comptroller Elizabeth Holtzman.

Sarah Teslik, executive director of the Council of Institutional Investors, said while "everyone is

See **Proxy** *on page 59*

LINDA SUE SCOTT

Dale Hanson says his fund hasn't become timid, even though its proxy strategy changed.

Minority firms gain $1.3 billion

By Terry Williams

Precision Asset Management, Santa Monica, Calif., joined the ranks of minority- and women-owned firms with pension fund assets under management when it received its first account, a $10 million allocation from the Kansas City (Mo.) Public School Retirement System in August.

Precision isn't alone in its good fortune. 1991 is shaping up to be a year in which more minority- and women-owned firms receive a larger slice of pension business.

Pension funds made 53 hirings of minority managers in the first eight months of the year, accounting for 9.3% of all manager placements, according to the Tracker data base of Eager & Associates, Louisville, Ky. This compares with 40 hires and 4% in the first eight months of 1990, and 19 hires accounting for 2.1% in the same period two years ago, when Eager began collecting the data.

Minority- and women-owned managers gained $1.36 billion in the first eight months of 1991, compared with $597 million a year earlier and $176 million for the same period in 1989, according to Tracker.

Robert Spruill, president of the New York office of the Randolph Group, an investment sales and marketing firm, attributes the greater allocations to minority- and women-owned firms to their increased number. *Pensions & Investments* listed 75 such firms in its Investment Manager Profiles issue (*P&I*, May 20), and more are being formed all the time.

The growth also can be attributed to the greater number of minorities serving on pension fund boards, particularly at public funds, Mr. Spruill said.

"You can't be a minority (trustee) and not change the geography," said Mr. Spruill. "You have your own interests and constituencies.

"It can no longer be the ballgame as usual."

See **Minority** *on page 55*

Minority- and women-owned manager scoreboard

(Assets reported are tax-exempt assets gained in the first eight months of 1991)

Firm	$ millions	Firm	$ millions
NCM Capital Mgmt. Group	301	Kenwood Group	16
[illegible]	[illegible]	[illegible]	[illegible]
Capitalcorp	155	Ariel Capital Mgmt.	10
[illegible]	[illegible]	[illegible]	[illegible]
Tiffany Capital Advisers	91.5	Llama Asset Mgmt.	9
[illegible]	[illegible]	[illegible]	[illegible]
Cisneros Asset Mgmt.	80	V.A. Reid and Associates	7.6
[illegible]	[illegible]	[illegible]	[illegible]
Clemente Capital	67.6	Labadie Capital Mgmt.	6
[illegible]	[illegible]	[illegible]	[illegible]
Denis Wong & Associates	60	MCQ	5
[illegible]	[illegible]	[illegible]	[illegible]
ValueQuest	47	R.M. Leary	4
Smith, Graham	43	Vydox Mgmt. Group	3
RhumbLine Advisers	38	Galleon Capital Mgmt.	2.2
Gramercy Capital Mgmt.	30	Institutional Portfolio Services	2
Zevenbergen Capital	30	Aquarius Capital Mgmt.	1.3
Beekman Capital Mgmt.	28	Edgar Lomax	0.73
LM Capital Mgmt.	27	**Managers of managers**	
CIC Asset Mgmt.	26	Minority Equity Trust (Bankers Trust)	178
Hanover Capital Asset	22	Progress Investment Mgmt.	73
The Marshall Plan	20	Americas Fund (Evaluation Associates)	25
Bond, Procope Capital Mgmt.	17.5		

[illegible] as of June 30 SOURCE: P&I MAY

Private equity deal aids Republic Health

By Marlene Givant Star

DALLAS — A limited partnership in which public pension funds and endowments invested gave Republic Health Corp. a $55 million equity infusion to help the company restructure and reduce its debt load.

The Republic Health transaction is the first for the $220 million Joseph Littlejohn & Levy Fund L.P., New York. Private equity limited partnerships are becoming key sources of capital for companies in their efforts to deleverage.

JLL investors include state pension funds in California and Oregon.

As a result of Republic Health's restructuring, the hospital management company's debt to equity ratio will decline to less than 1.5 to 1, from 7.7 to 1 at the end of April.

Republic Health, one of the large leveraged buy-outs of the mid-1980s, pioneered the increasingly common prepackaged bankruptcy plan in which approval of a majority of bondholders is received before the Chapter 11 filing. The company filed its plan Dec. 15, 1989, and emerged April 30, 1990.

The recapitalization's transactions, expected to close later this week, involve:

- Selling $55 million in equity to the JLL fund;
- Retiring $200 million of senior subordinated first secured refunding "reset" notes due 1994 in exchange for $120 million cash, 3 million shares of new common stock and $15 million of convertible preferred stock;
- Offering to purchase for about $700 per $1,000 principal amount the company's $28.6 million 10% senior subordinated adjustable notes due 1994;
- Obtaining $235 million in new bank financing from a bank syndicate led by Citibank and Chemical Bank.

Each part of the recap is conditional on completion of the entire deal.

JLL's investment involves $40 million of common stock and $15 million of 10% preferred stock convertible into 1.5 million shares of common. The company's common stock was trading at $7.75 a share when the restructuring was arranged earlier this year. It is now trading at $10.50 and recently traded as high as $12.50.

"We're paying $7.75 a share so we're starting on the right foot: a $3- to $5-a-share profit on 5.5 million shares. That's good for starters . . .," said Paul Levy, general partner of JLL in New York.

JLL's infusion helped Republic reduce leverage, as did an $80 million reduction in principal accepted by Pacific Capital Group, Beverly Hills, Calif., holder of the $200 million issue of so-called "first" mortgage notes, and the reduction in debt expected as a result of Republic Health's exchange offer to holders of the adjustable notes.

As a result of the recap, Republic Health expects to increase its stockholders' equity to approxi-

See **Republic** *on page 58*

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Equity ■ Balanced ■ Fixed Portfolios

Baring hire a first for Japanese funds

By Anne Schwimmer

TOKYO — The West Japan Plastics pension fund is the first private Japanese fund to hire a foreign independent investment adviser.

The fund picked Baring International Investment Management Ltd., London, to manage a small portion of its portfolio. According to industry sources, at least one public fund has hired independent firms. Previously, there have been a few hirings of foreign banks and insurance companies.

James Williams, managing director at Baring, declined to reveal the amount given the firm. He described the allocation as "quite small," although still a breakthrough for foreign money managers in Japan.

He said some U.S.-based banks, such as Bankers Trust Co. and Citicorp, both of New York, have managed money for Japanese funds.

Prior to an April 1990 change in Japanese pension fund rules, only trust banks or life insurance companies were permitted to manage pension fund money. Now Japanese funds are allowed to allocate funds to money managers out of their new cash flow.

Although many observers believe the move by the plastics fund is the first of many, Chris Nowakowski, president of Inter-Sec Research Corp., Stamford, Conn., doesn't predict a flood of hirings.

"I hope I'm wrong because most of the (foreigners) trying to get that business are our clients, but there's no way." Baring, he said, "pulled a rabbit out of the hat."

He said Japanese funds traditionally hire money managers based on business relationships, rather than on "an arm's length evaluation of money managers."

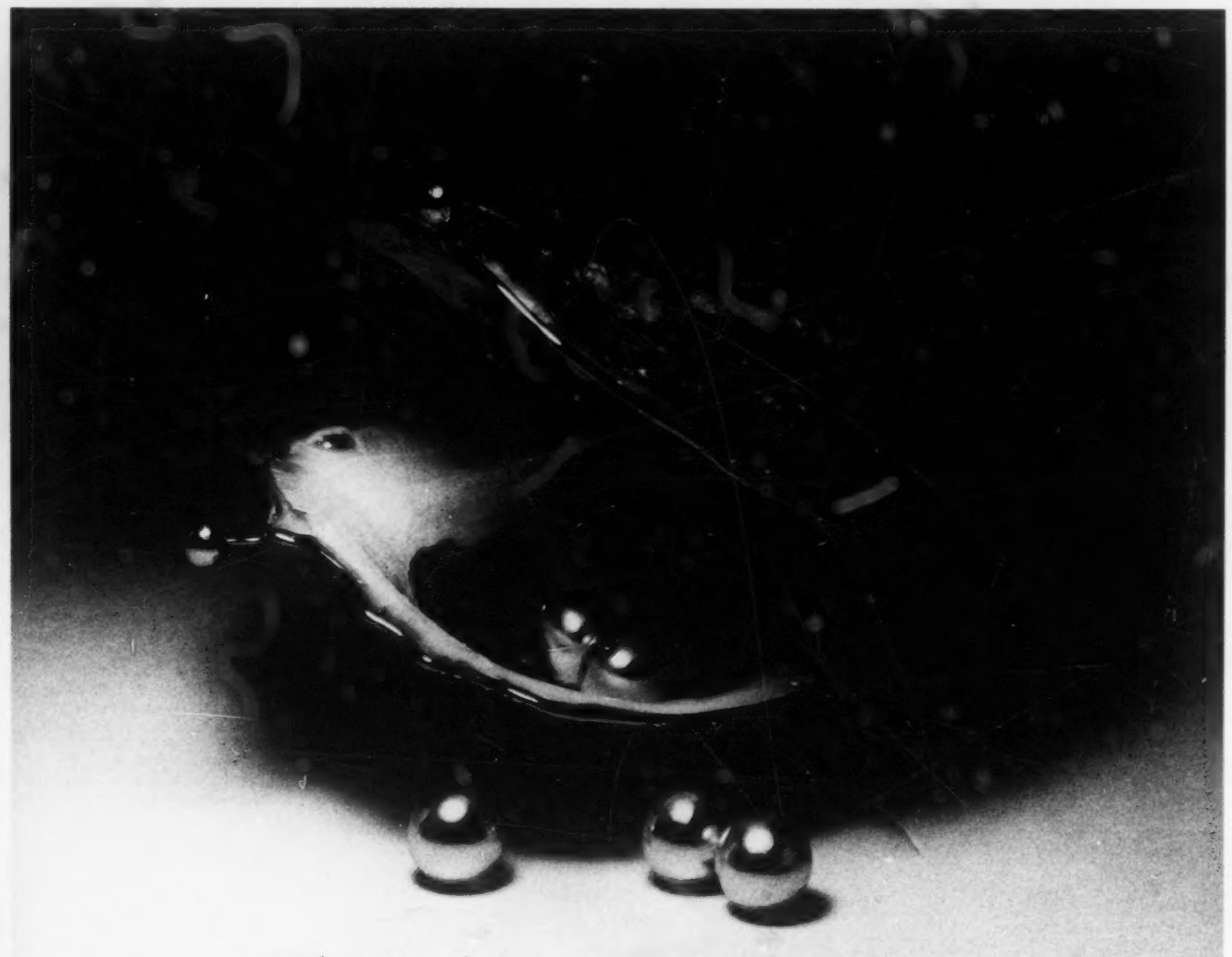
For Baring, this assignment is a foot in the door. "The Japanese pension market is something we've been watching and following for some time," Mr. Williams said. "For our company, in the next few years it will be important if we can build up funds under management from Japanese funds."

Under Japanese law, he said, 50% of the assets it will be managing for West Japan Plastics must be put into Japanese bonds. The rest, however, will be invested internationally in both bonds and stocks, he said.

Baring International Investment Management, a subsidiary of Baring Asset Management Ltd., manages equity, fixed-income and property portfolios. At the end of June, Baring International's ran a total of 5.5 billion pounds, or $3.42 billion. ■

CORRECTIONS & CLARIFICATIONS

- As of June 30, **JMB Institutional Realty Corp.** had $192 million in contributions committed but not yet received. The amount was reported incorrectly in the Sept. 16 issue.
- **Rochester Gas & Electric Corp.**'s equity managers were misidentified in the Sept. 30 issue. They are: PanAgora Asset Managment, Boston; Lehman Ark Management Co. Inc., New York; Kemper Asset Management, Chicago; Provident Investment Counsel, Pasadena, Calif.; Fidelity Investments, Boston; and Trust Co. of the West, Los Angeles.
- The arrows on the **interest-rate swap flow chart** in the Sept. 30 issue should have been reversed. The corporation borrows from the bank, and passes the floating-rate debt on to the swap dealer. The dealer passes the rate on to the government-sponsored entity, which passes back the fixed-rate debt.



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So call your First Interstate representative today. And let us show you where the really profitable investments are.

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INTERNATIONAL

Analysts see scrumptious gains in Eastern Europe

Chiquita Brands International Inc. is one fresh-fruit producer gearing up for an expected increase in world banana demand.

■ The opening of Eastern Europe is ripe with fresh opportunities, U.S. corporations know. One of the more tasty developments is the huge growth potential in Eastern European demand for bananas, analysts say.

Currently both Chiquita Brands International Inc. and Dole Food Co. are busily buying up plantation land to keep up with a huge increase in global banana demand, according to Michael T. Branca, a food analyst at Mabon Securities, New York.

Chiquita's "business in Eastern Europe will just about triple," Mr. Branca said, noting the average American consumes 25 pounds of bananas yearly but the typical Eastern European has only been able to buy about two pounds a year because of short supply.

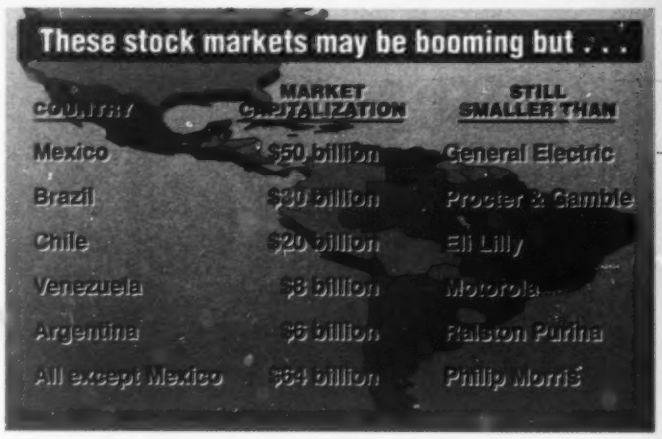
"Doctors recommend that people eat bananas," Mr. Branca pointed out. "The question is not where the demand will come from but will (tropical fruit growers) have the product."

Also trying to get in on the act is Polly Peck International PLC, which is in receivership. Polly Peck owns the Del Monte fresh fruit business, which grows and sells bananas and pineapples.

Mr. Branca said the European fresh fruit market is clearly Polly Peck's domain, but he noted its financial woes will hamper its efforts.

"They're trying to (gear up) but they don't have the same financial leverage as Chiquita and Dole," he said.

— Anne Schwimmer



PEOPLE

New exec director joins Illinois fund

■ The $3.5 billion Illinois State Board of Investments, Chicago, has appointed Jane R. Patterson executive director, replacing Gregory Nagle.

Ms. Patterson was director-corporate finance at Sara Lee Corp., a post she held since August. Previously, she had been director-investments at the $625 million Sara Lee employee benefits plan.

Christian Pappas succeeded her as director-investments; her replacement as director-corporate finance has not been named.

— Sabine Schramm

Frank Magrino, left, Jim Klein, Tom Bash and Mark Eveans left Reimer & Koger to form their own investment management firm.

PUBLIC FUNDS

Trustees find roles reversed

■ In a strange twist of politics, California Republican Gov. Pete Wilson became a champion of pension fund integrity while Democratic State Treasurer Kathleen Brown and State Comptroller Gray Davis favored legislation permitting deferrals of contributions to the California State Teachers' Retirement System.

The legislation, A.B. 191, would have permitted the Los Angeles and San Francisco school districts to postpone $94 million in pension contributions due in the first half of 1992. Instead, the school districts would have paid a higher contribution rate over a 20-year period (*Pensions & Investments*, Sept. 16).

Gov. Wilson, who was reviled publicly for taking $1.6 billion in assets from the California Public Employees' Retirement System, this time took the side of the teachers' fund. In his veto message, Gov. Wilson wrote: "The teachers' retirement fund is not a bank to which needy school districts can turn for contribution relief when times are hard."

Ms. Brown and Mr. Davis were the only two of nine teachers' fund trustees to oppose a motion against the legislation. Observers believe the active political role of Los Angeles teachers and school district had a lot to do with their vote.

Representatives for Mr. Davis and Ms. Brown said sufficient safeguards were put in place to protect the integrity of the fund and ensure a payback of the assets.

— Joel Chernoff

REAL ESTATE

Office building outlook red, red, red

■ Financial pain suffered by institutional owners of office buildings will be "unrelenting over at least the next two years," a report by Salomon Brothers Inc., New York, predicts.

In the report, "The U.S. Office Market: Hitting Bottom With a Thud," Salomon Brothers researchers said that in real terms, office building valuations are off 39% since peaking in 1984.

But, the report said, property appraisals now lag current market reality by at least 15%, and office values, already sharply reduced, will fall further.

At the same time, newly constructed buildings are about to be leased "in the worst possible environment," the report said.

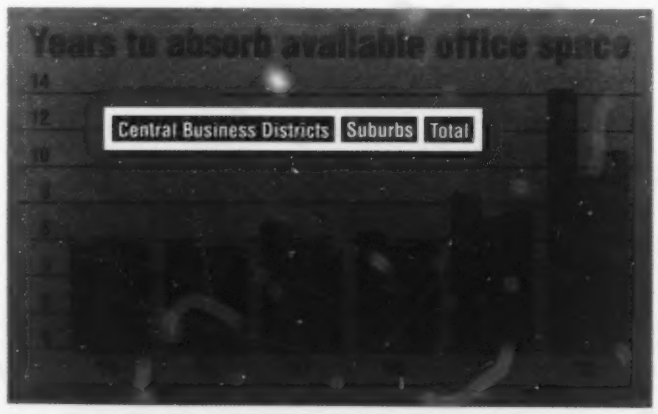
Fundamental demand for office space is continuing to weaken. "White-collar employment is no longer a growth industry, as a panoply of office-using industries including finance, insurance, real estate, accounting, advertising and law are restructuring themselves in an increasingly competitive environment," the report noted.

As a result, not as much space was needed in 1990 as in past years. The additional office space needed in 1990 was only 65 million square feet, compared with 122 million square feet in 1987.

Salomon Brothers predicts office space needs will fall to 43 million square feet per year during 1991 and 1992.

Real rents have declined 29% since 1987 and 46% since 1982. "Continued high vacancy rates and cost-conscious tenants will sustain downward pressure on rents over the next few years," the report said.

— Steve Hemmerick



MONEY MANAGERS

Manager rises above controversy

■ Some people are coming through the mess at the Kansas Public Employees Retirement System smelling like a rose.

Eveans, Bash, Magrino and Klein Inc. opened its doors in August after the four namesakes left Reimer & Koger Inc., the money management firm that has been blamed for much of the $100 million-plus losses the Kansas system faces from its private placement portfolio.

But Mark Eveans, Tom Bash, Frank Magrino and Jim Klein were responsible for three other profit centers at the firm, and were not involved with the private placement business. So the men — who headed the areas that provided traditional balanced, stock and bond money management services — struck out on their own.

In what has been termed an amicable separation, the men also negotiated the rights to continuing servicing the Reimer & Koger clients they had, and opened their doors with more than 100 clients and $500 million under management.

Recently, the firm signed two more clients, a private individual and a Taft Hartley fund.

"The Taft-Hartley fund, through its consultant, did a lot of quizzing," said Mr. Bash, the chief marketing officer for the new firm. "We made it clear we had no involvement with the KPERS private placements."

He said it also helped that the firm's Taft-Hartley track record (partly acquired at Reimer & Koger) so far this year is ranked at the top of the INDATA Taft-Hartley fixed-income universe.

— Curtis Vosti

REAL ESTATE

New realty firm out of the gate at a nice gallop

■ Kensington Realty Advisors, Chicago, by just about any measure, is off to a quick start.

When James S. Smith, managing principal and founder of Kensington, left Bennett & Kahnweiler Realty Advisors to start his own firm, he thought he might have a two- to three-person staff that did consulting work for investors on a project basis.

Since then, he has been joined by seven other B&K alumni, including James S. Lee, a Kensington principal, as well as one other professional. The firm oversees a property portfolio with a gross value in excess of $700 million.

The most recent professionals to join Kensington are Thomas Elmer, vice president-portfolio and asset management; Ronald A. Gold, vice president and director of client service; Daniel L. Webb, investment manager; Thomas G. Fleming, portfolio manager; Mark R. Kirincich, assistant portfolio manager; Daniel B. Ault, investment analyst; and Robin L. Altman, financial manager.

Ms. Altman previously worked at The John Buck Co., Chicago; the other six worked at B&K.

The firm also got a boost when the Teachers' Retirement System of the State of Illinois, Springfield, picked Kensington to take over an existing $400 million portfolio that had been managed by Bennett & Kahnweiler.

While bringing in new clients is always important, especially for a new firm, Mr. Smith said the firm's focus now is on aggressive asset management. "Jim Lee and myself, as principals of the firm, are probably spending about 70% of our time on asset management," including visiting markets and properties, he said.

— *Chuck Paustian*

DALE FAHEY

Newly formed Kensington already has responsibility for more than $700 million in properties. Its investment committee members are Jim Smith, left, Jim Lee, Ron Gold and Tom Elmer.

PEOPLE

World Bank exec moves to BONY

■ Althea Duersten has joined The Bank of New York as a senior vice president in charge of fixed income for the bank's asset management division, a new position.

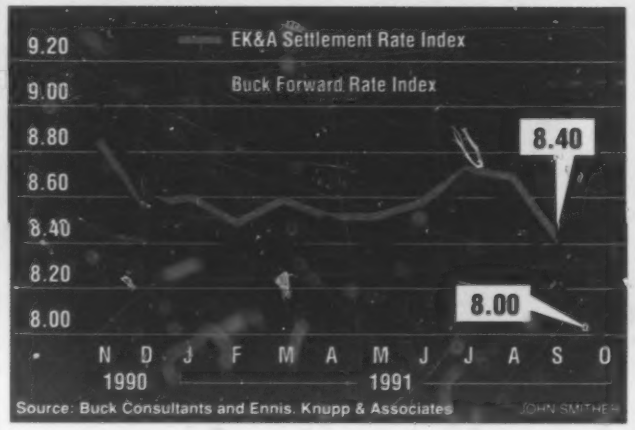
Prior to joining Bank of New York, Ms. Duersten was senior manager for North America in the investment department of The World Bank. Sanjiv Kumar replaces her at the World Bank.

From 1985 to 1987, Ms. Duersten was a vice president with Shearson Lehman Brothers in its global finance department, and from 1982 to 1985, an assistant vice president in the corporate finance department with E.F. Hutton & Co.

A 1972 graduate of Tufts University, with a bachelor's degree in history, Ms. Duersten also earned a master's degree in international business and economics from Tufts Fletcher School of Law and Diplomacy.

— *Terry Williams*

Indexes for valuing pension liabilities under FASB 87



INTERNATIONAL

Japanese deals in U.S. plummet

■ Weak financial markets, heightened U.S. sensitivity to foreign investment and the recession's absence of competitive bidding for strategic corporate assets have sharply reduced Japanese investment in the United States.

Instead, Japanese companies are favoring corporate tie-ups that do not involve an ownership stake.

In the first six months of 1991, Japanese deals in the United States totaled 55, about half the number of deals in 1990's first half. Total disclosed deal volume plunged by two-thirds, to $1.4 billion from $4.2 billion, according to Japan M&A Reporter, a publication of Ulmer Brothers Inc.

Investments in Europe also fell, although not as dramatically. There were three more deals in 1991's first half, but volume was 13% below its first-half 1990 level.

While in both the 1990 and 1991 periods acquisitions and investments (stakes of 50% or less) were dominant, this year's deals were less costly.

Industry preferences on both continents shifted away from heavy manufacturing and industrial machine makers and concentrated more on the retail and service sectors.

— *Marlene Givant Star*

SOFTWARE

Lotus offering look at insurers

■ In what can only be described as a timely event, Lotus Development Corp. has unveiled a data base package that provides access to detailed financial information on more than 4,700 insurance companies.

CD/Insurance, the Lotus package, is updated monthly with data provided by the National Association of Insurance Commissioners from statutory financial information filed by the companies with the NAIC. The information goes beyond that provided by major rating agencies and includes financial statements, underwriting and investment results and loss history.

Gary Brach, Lotus product manager, said CD/Insurance will provide about 1,400 variables of information about insurance company investment portfolios including real estate, high-yield bonds and other asset classes as assessed by NAIC.

"It has been very tough to get your hands on this type of data in an easy-to-use format."

The package, which is delivered on compact disc and operates on a PC with a CD-ROM reader, will be of interest to GIC managers, consulting groups, investment bankers, plan sponsors and other institutional investors.

A charter version of CD/Insurance will be available in March. Cost for the package is $10,000 for both the CD/Insurance: Property and Casualty, and CD/Insurance: Life, Accident and Health packages, or $6,000 for either data base.

— *Fred Williams*

PENSION FUNDS

Thiokol scrubs annuity addition

■ Thiokol Corp. has delayed its planned addition of an annuity option for its $350 million 401(k) plan because of concerns about the insurance industry.

The Ogden, Utah, company had signed The Travelers Insurance Co., Hartford, Conn., for the planned fourth option to its defined contribution plan, but decided against it because the insurer was downgraded to A2 from A1 by Moody's Investors Service, New York, July 19.

The plan already has three options for current employees, and staff had wanted to add the option so retiring employees could roll over their accounts into one annuity. But after the downgrades of Travelers and other top insurers, the proposal wasn't even brought to the board.

— *Curtis Vos*

Thiokol Corp.'s plans for an addition to its 401(k) were put on hold because of the downgrade of The Travelers Insurance Co.

Multiplying the benefits

Some plans spurn trend toward consolidation of banks

By Fred Williams

A significant number of pension plan sponsors retain multiple trust and custody relationships within a single plan and believe it offers some advantages despite the trend toward consolidating banking relationships.

Such funds as those of General Motors Corp., Oregon Public Employes Retirement System and TIAA-CREF have multiple trustees, citing their large size, needs for specialization and interest in maintaining competition among the banks.

Consultants and master trust bankers, however, believe the pension industry clearly is moving to consolidate master trust arrangements in order to eliminate overlaps in accounting systems, multiple reports and, in most instances, lower overall trust costs.

"I can't think of any advantages (to having multiple trustees); I can think of only disadvantages," said Russell Parkhurst, consultant with Buck Consultants Inc., New York. He said the trend is toward consolidation of trust arrangements in order to achieve consistent accounting and a single reporting source.

Mr. Parkhurst agrees, however, some plans might find advantages in using one master trustee for the defined benefit plan and another for the defined contribution plan because of the detailed record keeping required for defined contribution plans.

The competitive angle is an important one to some pension executives. R. Charles Tschampion, director-portfolio strategy and manager relations group at the $31 billion GM plan, New York, said GM uses two master trust banks in its domestic plan — Bankers Trust Co. and Mellon Bank — because of the plan's size as well as to "keep a degree of competition going."

Mr. Tschampion said GM has simply "grown up" with multiple master trust relationships since 1983 when it adopted a master trust arrangement. "At the time we were so large that we felt it prudent to have two," he said. "Today perhaps it may be more efficient to have one, but we can't differentiate between the two" because both are equally competent.

The $12.5 billion Oregon Public Employes Retirement System, Salem, recently hired Bank of New York to replace Chase Manhattan Bank to oversee the system's fixed-income assets, and uses Morgan Stanley Group Inc. as global equities custodian and First Interstate Bank of Oregon as domestic equity custodian.

James George, investment manager at Oregon, said the use of multiple custodians has been "sort of a tradition here."

He said aside from the pension plan, the Oregon treasury department uses "several" outside banks for various purposes.

He said the retirement system uses multiple custodians for their strengths in specific areas. "Some

See **Banks** *on page 47*

Master trust/custody banks ranked by U.S. tax-exempt assets

Firm	$ millions Total	Master trust	Master custody
State Street	315,229	143,266	171,963
[illegible]	[illegible]	[illegible]	[illegible]
Northern Trust	197,658	120,783	76,875
[illegible]	[illegible]	[illegible]	[illegible]
Bank of New York	162,982	74,095	88,887
[illegible]	[illegible]	[illegible]	[illegible]
Mellon Bank	151,759	129,334	22,425
[illegible]	[illegible]	[illegible]	[illegible]
Security Pacific	77,000	22,000	55,000
[illegible]	[illegible]	[illegible]	[illegible]
Wachovia	43,816	35,427	8,389
[illegible]	[illegible]	[illegible]	[illegible]
NBD Bank	37,673	13,630	24,043
[illegible]	[illegible]	[illegible]	[illegible]
Chemical Bank	29,699	5,096	24,603
[illegible]	[illegible]	[illegible]	[illegible]
C&S/Sovran Trust	27,802	9,627	18,175
[illegible]	[illegible]	[illegible]	[illegible]
U. S. Trust	26,000	19,300	6,700
[illegible]	[illegible]	[illegible]	[illegible]
Boatmen's Trust	21,998	2,744	19,254
[illegible]	[illegible]	[illegible]	[illegible]
Continental Bank	20,609	14,532	6,077
[illegible]	[illegible]	[illegible]	[illegible]
First Interstate/Calif.	15,314	12,314	3,000
[illegible]	[illegible]	[illegible]	[illegible]
LaSalle Nat'l Trust	9,212	1,512	7,700
[illegible]	[illegible]	[illegible]	[illegible]
Riggs Nat'l Bank	7,000	na	7,000
[illegible]	[illegible]	[illegible]	[illegible]
Norwest Bank	5,037	3,500	1,537
[illegible]	[illegible]	[illegible]	[illegible]
Security Trust	4,230	1,379	2,851
[illegible]	[illegible]	[illegible]	[illegible]
Fleet/Norstar	3,801	3,059	742
[illegible]	[illegible]	[illegible]	[illegible]
Marine Midland	3,000	2,000	1,000
[illegible]	[illegible]	[illegible]	[illegible]
Hibernia Nat'l	1,479	356	1,123
[illegible]	[illegible]	[illegible]	[illegible]
Bank IV	902	691	211
[illegible]	[illegible]	[illegible]	[illegible]
Bank One Ohio	658	549	109
[illegible]	[illegible]	[illegible]	[illegible]
Commerce Bank	375	369	6
[illegible]	[illegible]	[illegible]	[illegible]
Barnett Banks Trust	200	0	200
[illegible]	[illegible]	[illegible]	[illegible]
Total	**2,205,809**	**1,157,055**	**1,048,754**

Chicago banks rank tops in poll

By Sabine Schramm

Three Chicago banks ranked highest in a *Pensions & Investments* survey measuring investment manager satisfaction with master trust/custody services.

Continental Bank, The Northern Trust Co. and Harris Trust & Savings Bank topped the overall rankings of the 30 master trust banks included in the survey with an average rating of 4.17, from 30 responses; 4.12, from 102 responses; and 4.1, from 59 responses; respectively.

The survey indicated general satisfaction with master trust bank services, with overall rankings ranging from Continental's 4.17 (very good) to Mitsubishi Global Custody's 3 (good).

On a scale of 1 (poor) to 5 (excellent), 171 investment managers evaluated the banks on a variety of categories. In addition to overall satisfaction, the banks were ranked on security clearance; reporting accuracy; global custody services; up-to-date cash/transaction activity reports; automatic investment of cash balance; prompt cash crediting (principal and income); account representative capabilities; and cooperativeness.

The high overall ranking of the three Chicago banks might be more a measure of people than of technology.

Phil Schneider, consultant for Wyatt Asset Service Inc., Chicago, speculated that Harris and Northern have been able to maintain staff while some institutions have had a lot of turnover. He felt "continuity, resulting in smoother working relationships," resulted in the positive responses.

Tony Hammock, manager of the investment management services group at Continental Bank, said there had been a conscious effort

See **Rank** *on page 47*

Master trust/custody banks ranked by U.S. taxable assets

Firm	$ millions Total	Master trust	Master custody
Chase Manhattan	297,400	0	297,400
[illegible]	[illegible]	[illegible]	[illegible]
U. S. Trust	217,000	51,000	166,000
[illegible]	[illegible]	[illegible]	[illegible]
Continental Bank	81,716	0	81,716
[illegible]	[illegible]	[illegible]	[illegible]
Manufacturers Hanover	42,800	2,500	40,300
[illegible]	[illegible]	[illegible]	[illegible]
Mellon Bank	32,403	2,251	30,152
[illegible]	[illegible]	[illegible]	[illegible]
Bank of New York	27,488	24,136	3,352
[illegible]	[illegible]	[illegible]	[illegible]
State Street	20,181	6,070	14,111
[illegible]	[illegible]	[illegible]	[illegible]
Chemical Bank	9,553	0	9,553
[illegible]	[illegible]	[illegible]	[illegible]
CoreStates Bank	5,813	0	5,813
[illegible]	[illegible]	[illegible]	[illegible]
Ameritrust	5,063	0	5,063
[illegible]	[illegible]	[illegible]	[illegible]
Norwest Bank	3,180	0	3,180
[illegible]	[illegible]	[illegible]	[illegible]
Bank IV	2,428	0	2,428
[illegible]	[illegible]	[illegible]	[illegible]
C&S/Sovran Trust	2,255	392	1,863
[illegible]	[illegible]	[illegible]	[illegible]
Security Trust	2,058	302	1,756
[illegible]	[illegible]	[illegible]	[illegible]
Boston Safe Deposit	1,275	575	700
[illegible]	[illegible]	[illegible]	[illegible]
Hibernia Nat'l	832	0	832
[illegible]	[illegible]	[illegible]	[illegible]
NBD Bank	783	0	783
[illegible]	[illegible]	[illegible]	[illegible]
First Trust	187	0	187
Total	**1,399,291**	**95,444**	**1,305,847**

JOHN J. BORKOWSKI

Master trust/custody banks ranked by new tax-exempt business

Firm	$ millions Total new business	New master trust	Clients	New master custody	Clients
Bankers Trust	21,400	3,100	8	18,300	23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase Manhattan	17,000	16,600	6	400	1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Security Pacific	12,000	1,000	20	11,000	45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Northern Trust	8,411	5,180	12	3,231	12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NCNB	4,382	0	0	4,382	11
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boston Safe Deposit	3,200	1,900	1	1,300	6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
First Interstate/Calif.	2,500	2,500	4	0	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C&S/Sovran Trust	1,660	640	3	1,020	2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NBD Bank	1,204	159	15	1,045	11
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of America	900	400	17	500	10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chemical Bank	583	97	5	486	6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manufacturers Hanover	500	0	0	500	3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
First Trust	434	355	2	79	1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Continental Bank	320	320	13	0	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marine Midland Bank	300	100	5	200	2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Riggs Nat'l Bank	300	na	na	300	3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fleet/Norstar	141	113	4	28	3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barnett Banks Trust	70	0	0	70	1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Signet Trust	37	37	1	na	na
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank One Ohio	20	0	0	20	3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SunTrust Banks	6	0	0	6	1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	**134,788**	**52,938**	**334**	**81,850**	**317**

JOHN J. BORKOWSKI

U.S. banks making inroads on U.K. turf

By Marlene Givant Star

Capitalizing on the sophisticated technological capabilities they've developed in the U.S. market, big American master trust banks are aggressively spreading the gospel of master custody to U.K. pension funds, a largely untapped market for such services.

While U.S. banks such as State Street Bank & Trust Co., Boston; Northern Trust Co., Chicago; and Bankers Trust Co., Chase Manhattan Bank N.A., and Citibank N.A., all of New York; have made impressive inroads in a relatively short time in the U.K. market, U.K. banks have been slow to penetrate both the U.S. global custody market as well as the nascent master custody market on their own turf *(see related story)*.

U.S. banks are attracted by the size of the U.K. pension fund market and are hopeful that the funds' shift to specialized management, increased regulatory scrutiny of back office procedures and heightened attention to cost-cutting measures will lead to greater acceptance of the master custody concept.

Master trust is a new concept to U.K. funds, which are not required to separate fund management and custodial services. Externally managed funds, which tend to have fewer specialist managers than their U.S. counterparts, often get custody as part of their managers' service. Internally managed pension funds, the larger of which have their own back-office capabilities, typically use a U.K. domestic bank for a basic custody service.

Since U.K. funds appoint corporate officials rather than banks as trustees, the U.K. version of master trust has come to be known as master custody. U.K. funds switching to a sole master custodian — mainly U.K. subsidiaries of U.S. multinationals — are lured by the desire for centralization of the administrative function and the ability to take advantage of value-added services like cash management and securities lending. It also is easier to make manager changes.

"The market here is an upside-down version of what you'd find in the states," said Colin Grimsey, managing director-global custody of Chase Manhattan Bank, London, whose clients include U.K. subsidiaries of Ford Motor Co., Honeywell Inc., Amoco Corp. and Mobil Corp.

"There must be a material cost benefit or perceived benefit in terms of efficiency" for a fund to adopt master custody, said Mr. Grimsey.

The United Kingdom — with 225 billion pounds ($393.8 billion) — has one of the largest concentrations of pension fund assets outside the United States. While half of the funds are externally managed, less than 5% of those funds have master custody relationships, according to Bankers Trust. Unit trusts, another target of U.S. banks, have 50 billion pounds ($87.5 billion) in assets.

The United Kingdom has no equivalent of the 1974 Employment Retirement Security Act, which requires U.S. pension funds to keep fund management and custodial services separate and only with a U.S. bank.

European regulators, however, are paying more attention to the custody and settlement of pension assets. Last year the Group of Thirty international bankers drew up a list of nine recommendations to bring settlements into line with one another. Such standardized procedures attempt to reduce costs for the custodians and might tempt more players into the market.

The Investment Management Regulatory Organization, the U.K. body overseeing investment managers, is putting pressure on money managers, the traditional custody providers, to more closely monitor costs. This could prompt them to stop providing custody for clients, a business they have not found too lucrative, said Jennifer Tretheway, vice president of Northern Trust.

For now though, education is needed.

"We're talking to a lot of funds about the advantages of master-trust. Fewer people are buying than we would wish," Mr. Grimsey said. Echoed another U.S. bank official who asked not to be identified: "Half the market doesn't understand why you would need one. The market is kind of shocked to hear there's even a facility of that nature."

Last year 15 U.K. funds conducted searches for master custodians. Only five decided to appoint one, according to Patric Foley-Brickley, vice president of Chase.

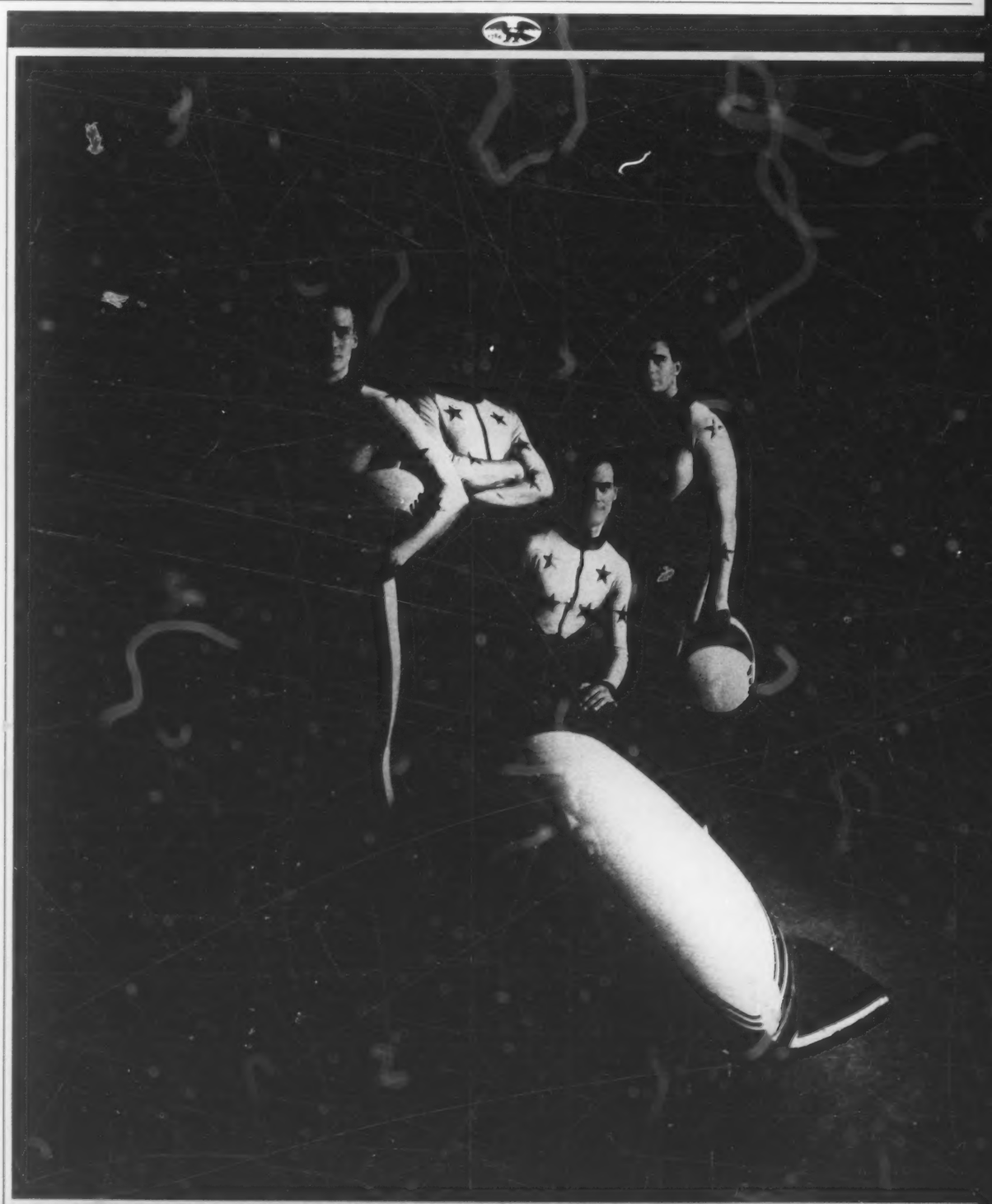
Another obstacle is that U.K. funds "are less demanding in terms of frequency and amount of information on portfolios," said Ms. Tretheway, noting that while quarterly or more frequent performance reporting is the norm in the United States, annual reporting is common in the United Kingdom.

Chase officials believe the U.K. regulatory environment will change to require separation of valuation systems and fund management. Consulting firms that do performance measurement have to rely on the validity of a fund manager's data. They are not mandated to check its accuracy.

In addition to U.K. arms of U.S. multinationals, a number of superannuation funds, the U.K. equivalent of U.S. public funds, have begun to recognize the administrative efficiency of having one master custody bank instead of multiple custodians for six or seven investment managers, said Anthony Galliano, vice president of Citibank, London. Citibank has been marketing in the United Kingdom since 1984 and has more than 8.57 billion pounds ($15 billion) in U.K. pension fund assets under master custody for more than 20 clients including British Gas PLC.

As more U.K. funds adopt specialized management, master cus-

See **Inroads** *on page 46*



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MASTER TRUST

Ameritrust
900 Euclid Ave., Cleveland, Ohio 44101-0937; (216) 737-4089

	($ millions)
Domestic master trust assets	$7,998
Tax-exempt	$7,998
Domestic master custodial	$12,415
Tax-exempt	$7,352
Taxable	$5,063
Domestic master trust clients	182
Domestic master custodial clients:	
Tax-exempt	24
Taxable	5
Account supervisors	8
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Ameritrust reported new, tax-exempt domestic master trust business of $3.369 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $839 billion.

The primary accounting method is trade date. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are securities lending, global custody, performance measurement, performance analytics, on-line inquiry, benefit payments and cash management. Reporting is available for additional fees.

Record-keeping services offered include 401(k), profit sharing, ESOP, thrift and savings.

New features include on-line performance measurement.

Fees are based on market value at quarter end, plus transactions for the quarter.

The client contact is Gary W. Queen.

BancOklahoma Trust Co.
P.O. Box 2300, Tulsa, Okla. 74192; (918) 588-6443

	($ millions)
Domestic master trust assets	$1,407
Tax-exempt	$1,407
Domestic master custodial	$754
Tax-exempt	$754
Domestic master trust clients	27
Domestic master custodial clients	1
Account supervisors	5
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

BancOklahoma Trust Co. offers cash/settlement date as the primary accounting method. Fully accrued/trade date also is offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, securities settlement, income collection, full reporting, cash management and wire transfers.

On-line reporting, securities lending, global custody, benefit disbursements and performance measurement are available for additional fees.

Fees are transaction- or asset-based.

Phillip J. Owings is client contact.

Bank of America
1 S. Van Ness Ave., San Francisco, Calif. 94103; (415) 241-7567

	($ millions)
Domestic master trust assets	$13,500
Tax-exempt	$13,500
Domestic master custodial	$85,500
Tax-exempt	$16,500
Taxable	$69,000
Domestic master trust clients	420
Domestic master custodial clients:	
Tax-exempt	360
Taxable	570
Account supervisors	43
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Bank of America reported new, tax-exempt domestic master trust business of $400 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $500 million.

The primary accounting method is settlement date-cash basis. Average cost, LIFO, FIFO, trade date, accrual and unitized methods also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, trade settlement, accounting and reporting, automatic cash sweep, collection and crediting of income, corporate action and proxy notification, benefit disbursements and tax reporting.

Collective investment funds and investment management services, participant record keeping, prototype plans, employee communications and enrollment packages, performance measurement and analytics, on-line access, securities lending and global securities services are available for additional fees.

New features include enhanced on-line inquiry and report functions and electronic data download capabilities enabling report formatting.

Fees are based on market value and transactions.

Warren L. Metzger is the client contact.

Bank of Boston
150 Royall St., Canton, Mass. 02021; (617) 575-2171

	($ millions)
Domestic master trust assets	$1,936
Tax-exempt	$1,936
Domestic master custodial	$3,194
Tax-exempt	$3,194
Domestic master trust clients	32
Domestic master custodial clients	15
Account supervisors	6
Reports available on-line:	
Monthly transaction	
Asset & liability	

Bank of Boston reported new, tax-exempt domestic master trust business of $62 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $480 million.

The primary accounting method is trade date. Settlement date and cash basis, as well as FIFO, LIFO, average cost, highest cost, lowest cost and specific tax lot, also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping and settlement, income collection, corporate action processing, cash management and accounting and reporting.

Global custody, benefit disbursements, securities lending, on-line access, plan accounting and endowment donor accounting are available for additional fees.

Fees are based on market value, transactions and portfolio changes.

John Houlihan is the client contact.

Bank IV
P.O. Box 4, Wichita, Kan. 67201-0004; (316) 261-4555

	($ millions)
Domestic master trust assets	$691
Tax-exempt	$691
Domestic master custodial	$2,639
Tax-exempt	$211
Taxable	$2,428
Domestic master trust clients	131
Domestic master custodial clients:	
Tax-exempt	19
Taxable	19
Account supervisors	9
Reports available on-line:	
Monthly transaction	
Asset & liability	

Bank IV offers trade date with accruals as the primary accounting method. Trade date without accruals, settlement date with accruals and settlement date without accruals also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, cash sweeping, individually designed statements and trusteeship.

Performance analysis and on-line, direct access terminals are available for additional fees.

Fees are based on number and type of securities, number of transactions and the dollar value of assets.

Roger A. Ramseyer is the client contact.

Bank of New York
1 Wall St., New York, N.Y. 10286; (212) 495-1784

	($ millions)
Domestic master trust assets	$98,231
Tax-exempt	$74,095
Taxable	$24,136
Domestic master custodial	$92,239
Tax-exempt	$88,887
Taxable	$3,352
Domestic master trust clients:	
Tax-exempt	206
Taxable	11
Domestic master custodial clients:	
Tax-exempt	84
Taxable	13
Account supervisors	50
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Bank of New York reported new, tax-exempt domestic master trust business of $905 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $11.13 billion.

The primary accounting method is trade and settlement date. Average cost, tax lot basis, amortized and liability methods also are offered.

Services offered in the basic master trust/master custodial agreement are global safekeeping, full trust administration, multiple STIFs, zero balance sweeps, portfolio plan accounting, on-line services, ERISA reporting and client training.

Benefit payments, worldwide securities lending, multicurrency accounting, performance measurement/analytics, consulting services and customized STIF are available for additional fees.

Record-keeping services include monthly, quarterly and annual portfolio accounting; on-line transaction and position reports; and m... filcurrency performance.

New features include more short-term investment

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IA Independence Investment Associates
One Liberty Square, Boston, MA 02109 617 - 292 - 8700

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options, an ADR Index Fund and PC-based analytics.

Fees are based on market value, transaction volume, portfolio structure and services required.

The master trust client contact is John Ehrmann; the master custody client contact is William Barron.

Bank One Ohio Trust Co.

Kettering Tower, Dayton, Ohio 45401; (513) 449-4923

	($ millions)
Domestic master trust assets	$549
Tax-exempt	$549
Domestic master custodial	$109
Tax-exempt	$109
Domestic master trust clients	17
Domestic master custodial clients	7
Account supervisors	3
Reports available on-line:	
Monthly transaction	
Asset & liability	

Bank One Ohio Trust Co. N.A. reported $20 million in new, tax-exempt domestic master custodial business in the year ended June 30.

The primary accounting method is full accrual. Cash accounting also is offered.

Services offered in the basic master trust/master custodial agreement are monthly or quarterly accounting reports and portfolio reviews.

Performance measurement, securities lending, participant record keeping and benefit disbursements are available for additional fees.

Record-keeping services offered include all types of employee benefit plans, including 403(b) participant record keeping.

Fees are based on a combination of market value, transaction fees and ancillary services.

Robert Blommel is the client contact.

Bank One

111 Monument Circle, Indianapolis, Ind. 46277; (317) 321-8151

	($ millions)
Domestic master trust assets	$649
Tax-exempt	$649
Domestic master custodial	$3,226
Tax-exempt	$132
Taxable	$3,094
Domestic master trust clients	13
Domestic master custodial clients:	
Tax-exempt	3
Taxable	6

Bank One reported new, tax-exempt domestic master trust business of $146 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $41 million.

The primary accounting method is cash with income accrual.

Services offered in the basic master trust/master custodial agreement are collection of dividends and income, periodic reporting, cash and asset transactions, annual reporting on employee benefit accounts, consolidated statements and performance calculation.

Benefit payments, 1099R production and participant loan processing are available for additional fees.

Fees are based on market value.

Phillip E. Chambers is the client contact.

Bankers Trust Co.

280 Park Ave., New York, N.Y. 10017; (212) 454-2240

	($ millions)
Domestic master trust assets	$205,358
Tax-exempt	$205,200
Taxable	$158
Domestic master custodial	$98,491
Tax-exempt	$97,700
Taxable	$791
Domestic master trust clients:	
Tax-exempt	369
Taxable	2
Domestic master custodial clients:	
Tax-exempt	113
Taxable	6
Account supervisors	191
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Bankers Trust reported new, tax-exempt domestic master trust business of $3.1 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $18.3 billion.

The primary accounting method is fully accrued settlement date. Average cost, tax lot, FIFO, LIFO and high cost/low cost also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, full accrual accounting and reporting, plan accounting, income collection, cash management, security trade processing, investment manager liaison and legal and regulatory updates.

Domestic and international securities lending, global custody, performance measurement and analytics, on-line PC access, customized graphics, benefit payments, proxy voting, investment management, actively managed STIFs, discount brokerage, consulting, dividend reinvestment, trade execution monitoring and participant record keeping are available for additional fees.

Record-keeping services offered include participant service center; on-line plan sponsor inquiry and transaction system; automated and customized voice response system; full loan administration; tax calculations; transfer and reallocations between funds; forfeiture processing; unit, share and cash accounting; daily, weekly, monthly, quarterly and annual valuations; and employee communications.

New features include Proxy Report, in which managers report their votes into a system that generates reports for the plan sponsor; BT-LINK, a PC-based system for pension payment processing; and an endowment donor accounting system.

The master trust client contact is Jessica Wall; the master custody client contact is Robert Betz.

Barnett Banks Trust Co.

9000 Southside Blvd., Jacksonville, Fla. 32256; (904) 464-2343

	($ millions)
Domestic master custodial	$200
Tax-exempt	$200
Domestic master custodial clients	2
Account supervisors	2

Barnett Banks Trust Co. reported new, tax-exempt domestic master custodial business of $70 million.

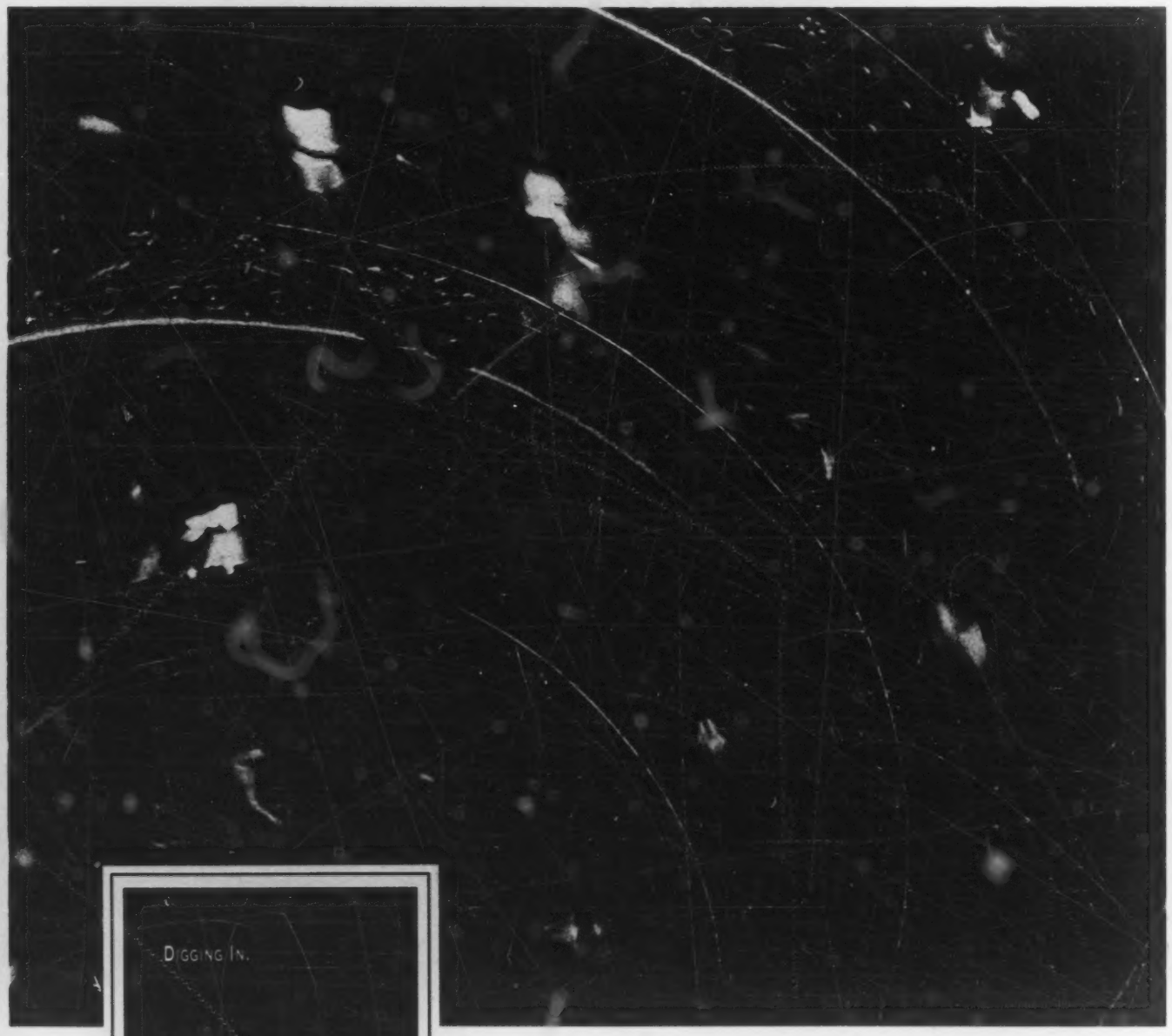
The primary accounting method is accrual.

Services offered in the basic master custodial agreement are basic reporting and roll-up asset statements. Participant record keeping for defined contribution plans is available.

Fees are based on asset size and transaction volume.

The client contact is Robert Bartkowiak.

Investment management consultants will be profiled in the Nov. 11 issue of *P&I*.



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Washington, DC 20036

BayBanks

7 New England Executive Park, Burlington, Mass. 01803; (617) 229-4589

	($ millions)
Domestic master trust assets	$253
Tax-exempt	$253
Domestic master custodial	$732
Tax-exempt	$732
Domestic master trust clients	55
Domestic master custodial clients	12
Account supervisors	2
Reports available on-line:	
Monthly transaction	
Asset & liability	

BayBanks reported new, tax-exempt domestic master trust business of $25 million in the year ended June 30.

The primary accounting method is accrual. Cash accounting also is offered.

Services offered in the basic master trust/master custodial agreement are capital actions, income collection and trade settlement.

Pension payment processing is available for additional fees.

Record-keeping services offered include participant accounting, 401(k) and profit sharing.

Fees are based on market value of assets.

Eugene D. Mahoney is the client contact.

Boatmen's Trust Co.

100 N. Broadway, St. Louis, Mo. 63102; (314) 466-3800

	($ millions)
Domestic master trust assets	$2,744
Tax-exempt	$2,744
Domestic master custodial	$19,254
Tax-exempt	$19,254
Domestic master trust clients	18
Domestic master custodial clients	76
Account supervisors	22
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Boatmen's Trust Co. reported new, tax-exempt domestic master trust business of $270 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $727 million.

The primary accounting method is trade date accounting, with fully accrued asset positions. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are administration, trade settlement, income collection, daily pricing, tax lot accounting and automated cash sweeps.

Global custody, securities lending, on-line accounting, performance measurement, cash management, pooled funds and standard portfolios, benefit payments and participant record keeping are available for additional fees.

Record-keeping services offered include real estate custody, equitable share accounting and global custody.

New features include DOL supplemental report, on-line performance measurement, customized/enhanced STIF and expanded securities lending.

Fees are based on the number of investment managers, number and type of transactions and the market value of assets.

Richard W. Hibbs is the client contact.

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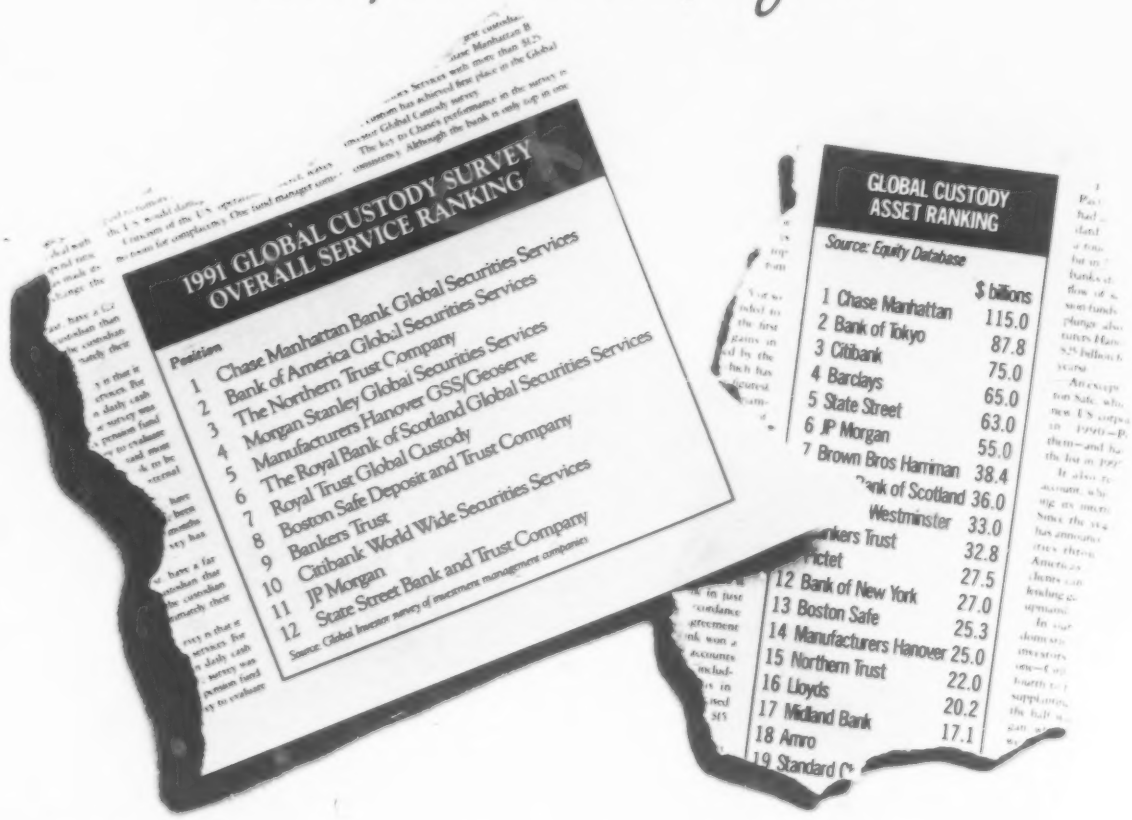
1991 GLOBAL CUSTODY SURVEY
OVERALL SERVICE RANKING
Position
1 Chase Manhattan Bank Global Securities Services
2 Bank of America Global Securities Services
3 The Northern Trust Company
4 Morgan Stanley Global Securities Services
5 Manufacturers Hanover GSS/Geoserve
6 The Royal Bank of Scotland Global Securities Services
7 Royal Trust Global Custody
8 Boston Safe Deposit and Trust Company
9 Bankers Trust
10 Citibank World Wide Securities Services
11 JP Morgan
12 State Street Bank and Trust Company
Source: Global Investor survey of investment management companies
GLOBAL CUSTODY
ASSET RANKING
Source: Equity Database
$ billions
1 Chase Manhattan 115.0
2 Bank of Tokyo 87.8
3 Citibank 75.0
4 Barclays 65.0
5 State Street 63.0
6 JP Morgan 55.0
7 Brown Bros Harriman 38.4
Bank of Scotland 36.0
Westminster 33.0
Bankers Trust 32.8
Fiduciary 27.5
12 Bank of New York 27.0
13 Boston Safe 25.3
14 Manufacturers Hanover 25.0
15 Northern Trust 22.0
16 Lloyds 20.2
17 Midland Bank 17.1
18 Amro
19 Standard

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Boston Safe Deposit and Trust Co.

1 Boston Place, Boston, Mass. 02108; (617) 722-7000

	($ millions)
Domestic master trust assets	$56,775
Tax-exempt	$56,200
Taxable	$575
Domestic master custodial	$113,325
Tax-exempt	$112,625
Taxable	$700
Domestic master trust clients:	
Tax-exempt	59
Taxable	11
Domestic master custodial clients:	
Tax-exempt	42
Taxable	2
Account supervisors	33
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Boston Safe Deposit and Trust Co. reported new, tax-exempt domestic master trust business of $1.9 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.3 billion.

The primary accounting method is trade date, full accrual. FIFO, LIFO and original cost also are offered.

Services offered in the basic master trust/master custodial agreement are cash management, trade settlement, accounting and reporting.

Performance measurement and analysis, securities lending, on-line information delivery, benefit payments, global custody and participant record-keeping are available for additional fees.

Record-keeping services offered include securities lending, benefit payments and global custody.

New features include an asset-backed security processing system and real estate mortgage system.

Fees are based on portfolio charges, market value, transaction volume and ancillary services provided.

Paul S. Maregni is the client contact.

The Chase Manhattan Bank

1211 Sixth Ave., New York, N.Y. 10036; (212) 789-4118

	($ millions)
Domestic master trust assets	$79,300
Tax-exempt	$79,300
Domestic master custodial	$378,500
Tax-exempt	$81,100
Taxable	$297,400
Domestic master trust clients	130
Domestic master custodial clients:	
Tax-exempt	49
Taxable	233
Account supervisors	31
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

The Chase Manhattan Bank N.A. reported new, tax-exempt domestic master trust business of $16.6 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $400 million.

The primary accounting method is fully accrued, trade date, contractual. Cash, settlement date, amortized, tax lot and plan accounting also are offered.

Services offered in the basic master trust/master custodial agreement are global asset safekeeping, transaction processing, income collection, corporate action and proxy notification, legal consulting, accounting, hard copy reporting, integrated on-line report access, raw data download, reportwriter, investment adviser liaison, cash sweep to zero, cash management and client systems training.

Securities lending, benefit payments, global cus-

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tody, performance measurement consulting, tax lot accounting/reporting, bond amortization/accretion, customized reporting and participant record keeping are available for additional fees.

Record-keeping services offered include multicurrency reporting, tax lot reporting, securities lending reporting, benefits payments reporting and transfer agent.

New features include an international proxy voting service, further integration of on-line assess and expansion of securities lending.

Fees are based on market value, transaction type and volume and portfolio type and volume.

Peter Derrenbacker is the client contact.

Chemical Banking Corp.

55 Water St., New York, N.Y. 10041; (212) 820-5000

	($ millions)
Domestic master trust assets	$5,096
Tax-exempt	$5,096
Domestic master custodial	$34,156
Tax-exempt	$24,603
Taxable	$9,553
Domestic master trust clients	92
Domestic master custodial clients:	
Tax-exempt	124
Taxable	28
Account supervisors	19

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Chemical Banking Corp. reported new, tax-exempt domestic master trust business of $97 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $486 million.

The primary accounting method is fully accrued, trade date.

Cash and settlement date, LIFO, FIFO, high/low cost accounting also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, transaction processing, transaction processing, settlement, income collection, corporate action notification and proxy processing, accounting, reporting, performance measurement, benefit disbursements, daily automatic sweep, account administration and investment manager liaison.

Electronic access, domestic and international securities lending and global custody are available for additional fees.

New features include two sweep vehicles, annual ERISA report format and 5500 worksheet and electronic access to global corporate actions.

Fees are based on a combination of transactions, custody, specific reporting requirements and relationship complexity.

Ken Montgomery is the client contact.

Citibank

111 Wall St., New York, N.Y. 10043; (212) 657-5297

	($ millions)
Domestic master trust assets	$30,751
Tax-exempt	$30,751
Domestic master custodial	$350,260
Tax-exempt	$96,260
Taxable	$254,000
Domestic master trust clients	197
Domestic master custodial clients:	
Tax-exempt	112
Taxable	358
Account supervisors	72

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Citibank N.A. offers full accrual, true trade date accounting. Settlement date and cash basis accounting also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping and custody, cash management, trade date reporting, equitable share accounting and on-line information management. Investment performance evaluation, global custody, securities lending, DRIP services, participant record keeping and flexible reporting are available for additional fees.

Record-keeping services offered include a voice response system.

New features include complete back-office services for investment managers, including portfolio record keeping and management; global master trust for multinational corporations; and CPU to CPU link for large money managers.

Fees are based on individual services provided.

Kenneth A. Hines Jr. is the client contact.

Commerce Bank

922 Walnut, P.O. Box 419248, Kansas City, Mo. 64141-6248; (816) 234-2000

	($ millions)
Domestic master trust assets	$369
Tax-exempt	$369
Domestic master custodial	$6
Tax-exempt	$6
Domestic master trust clients	5
Domestic master custodial clients	2
Account supervisors	3

Commerce Bank reported new, tax-exempt domestic master custodial business as of June 30 of $1.9 million.

The primary accounting method is accrual.

Services offered in the basic master trust/master custodial agreement are monthly evaluation and general administrative responsibilities. Investment management of funds is available for additional fees.

Fees are negotiable.

Craig Huntley and Robert Kalinich are the client contacts.

Continental Bank

231 S. LaSalle St., Chicago, Ill. 60697; (312) 828-3503

	($ millions)
Domestic master trust assets	$14,532
Tax-exempt	$14,532
Domestic master custodial	$87,793
Tax-exempt	$6,077
Taxable	$81,716
Domestic master trust clients	154
Domestic master custodial clients:	
Tax-exempt	20
Taxable	69
Account supervisors	18

Reports available on-line:
Monthly transaction
Asset & liability

Continental Bank N.A. reported new, tax-exempt domestic master trust business of $320 million in the year ended June 30.

The primary accounting method is accrual/trade date. Cash/settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are trust accounting and reporting, plan accounting, automated cash management, custody, trade settlement, income collection and on-line access.

Domestic and international lending, global custody, performance measurement and analysis, brokers commission and trade audit reports, pension disbursement, self-insurance trust administration, investment management and GIC fund are available for additional fees.

Record-keeping services offered include customized reporting.

New features include a securities processing system, customized reporting and a performance measurement system.

Fees are based on market value and transaction charges.

The master trust client contact is Christopher S. Ross; the master custody client contact is Michael Hannay.

CoreStates Bank

P.O. Box 7558, Philadelphia, Pa. 19101-7558; (215) 786-8033

	($ millions)
Domestic master trust assets	$3,712
Tax-exempt	$3,712
Domestic master custodial	$40,847
Tax-exempt	$35,034
Taxable	$5,813
Domestic master trust clients	22
Domestic master custodial clients:	
Tax-exempt	14
Taxable	8
Account supervisors	20

Reports available on-line:

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U.S. TRUST

New York Palm Beach Boca Raton Dallas Los Angeles

Monthly transaction
Asset & liability
Performance measurement

CoreStates Bank N.A. reported new, tax-exempt domestic master trust business of $218 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $2.758 billion.

The primary accounting method is settlement date. Accrual trade-date adjusted accounting also is offered.

Services offered in the basic master trust/master custodial agreement are asset administration, cash basis accounting, and accrual accounting.

Performance measurement, performance comparison (TUCS), client terminal, securities lending, index fund management, global custody, fixed-income and equity management, and corporate actions automated notification and processing are available for additional fees.

Record-keeping services offered include participant record keeping, perision payroll and proxy voting service.

New features include private placement processing and Trust Management System for report writing.

Fees are transaction- and asset-based.

The master trust client contact is Ed Keidat; the master custody client contact is Jerry Hayes.

C&S/Sovran Trust Co.

33 North Ave., 9th Floor, Atlanta, Ga. 30308; (404) 897-3095

	($ millions)
Domestic master trust assets	$10,019
Tax-exempt	$9,627
Taxable	$392
Domestic master custodial	$20,[illegible]
Tax-exempt	$18,[illegible]
Taxable	$1,863
Domestic master trust clients:	
Tax-exempt	37
Taxable	5
Domestic master custodial clients:	
Tax-exempt	24
Taxable	15
Account supervisors	14
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

C&S/Sovran Trust Co. reported new, tax-exempt domestic master trust business of $640 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.02 billion.

The primary accounting method is trade date/full accrual. Settlement date, partial accrual, non-accrual and dual cash accounting also are offered.

Services offered in the basic master trust/master custodial agreement are financial accounting, transaction settlement and securities custody. Portfolio evaluation, participant record keeping, ERISA disclosure, investment management and benefit disbursement are available for additional fees.

Fees are based on a percentage of assets, plus transaction fees.

Roger Birkholz is the client contact.

First Interstate Bank Ltd.

707 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 614-2291

	($ millions)
Domestic master trust assets	$13,314
Tax-exempt	$12,314
Taxable	$1,000
Domestic master custodial	$20,000
Tax-exempt	$3,000
Taxable	$17,000
Domestic master trust clients:	
Tax-exempt	105
Taxable	15
Domestic master custodial clients:	
Tax-exempt	15
Taxable	200
Account supervisors	23
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

First Interstate Bank Ltd. reported new, tax-exempt domestic master trust business of $2.5 billion in the year ended June 30.

The primary accounting method is settlement date. Trade date, tax lot and unitized accounting also are offered.

Services offered in the basic master trust/master custodial agreement are settlement of securities, income collection, investment of idle cash, safekeeping, receipt of funds and disbursements.

On-line real time access, customized reporting, performance measurement, securities lending, portfolio analytics and global securities processing are available for additional fees.

New features include daily stock record for securities domiciled, an enhanced customized reporting system and enhanced trade-order entry.

Fees are based on market value, plus transaction fees.

Deborah Dilley is the client contact.

First Interstate Bank of Washington

999 Third Ave., Seattle, Wash. 98104; (206) 292-3522

	($ millions)
Domestic master trust assets	$206
Tax-exempt	$206
Domestic master trust clients	1
Account supervisors	1

First Interstate Bank of Washington N.A. offers cash as the primary accounting method used.

Services offered in the basic master trust/master custodial agreement are unit accounting and asset roll-up reporting.

Fees are asset-based.

Lawrence T. Divers is the client contact.

The First National Bank of Maryland

25 S. Charles St., Baltimore, Md. 21201; (301) 244-4542

	($ millions)
Domestic master trust assets	$353
Tax-exempt	$333
Taxable	$20
Domestic master custodial	$13,600
Tax-exempt	$11,500
Taxable	$2,100
Domestic master trust clients:	
Tax-exempt	9
Taxable	1
Domestic master custodial clients:	
Tax-exempt	5
Taxable	3
Account supervisors	20
Reports available on-line:	
Monthly transaction	
Asset & liability	

The First National Bank of Maryland reported new, tax-exempt domestic master trust business of $58 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.7 billion.

The primary accounting methods are cash or accrual. Trade date and settlement date also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, income collection, cash sweep, monthly reporting, plan accounting and on-line access. Pension payment, performance measurement and unit accounting are available for additional fees.

Record-keeping services offered include participant record keeping.

New features include trade order entry and regulatory updates.

Fees are based on a fixed price or market value fee plus settlement and payment activity.

Joseph Baker is the client contact.

First Trust National Association

180 E. Fifth St., St. Paul, Minn. 55101; (612) 223-7000

	($ millions)
Domestic master trust assets	$5,399
Tax-exempt	$5,399
Domestic master custodial	$2,097
Tax-exempt	$1,910
Taxable	$187
Domestic master trust clients	28
Domestic master custodial clients:	
Tax-exempt	14
Taxable	3
Account supervisors	7

Overall ranking of master trust/custody banks by investment advisers*

	Average rating	Votes
Continental Bank	4.17	30
Northern Trust	4.12	102
Harris Trust	4.10	59
NBD	4.08	25
Wilmington Trust	4.06	16
Wachovia	4.03	38
Mellon Bank	3.97	70
Manufacturers Bank	3.94	16
U. S. Trust	3.94	32
Ameritrust	3.87	23
Bankers Trust	3.81	90
Boatmen's Trust	3.79	24
LaSalle Nat'l	3.75	20
Bank of New York	3.73	62
State Street	3.72	92
SunTrust Banks	3.71	7
Security Pacific	3.70	40
Bank of America	3.62	21
Mercantile Safe	3.57	30
First Interstate/Calif.	3.57	23
Boston Safe	3.56	80
Chase Manhattan	3.53	81
Manufacturers Hanover	3.49	49
J.P. Morgan	3.41	17
Chemical Bank	3.40	20
CoreStates	3.31	16
First Trust	3.29	17
Citibank	3.06	52
C&S/Sovran	3.05	21
Mitsubishi	3.00	8

*only banks with more than $1 billion in tax-exempt master trust/custody and global custody assets were rated by advisers

JOHN J. BORHOQUEZ

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

First Trust National Association reported new, tax-exempt domestic master trust business of $355 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $79 million.

The primary accounting method is trade date/full accrual. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are custodial services, trade date reporting, investment performance review, ERISA disclosure assistance, benefit disbursement and daily cash sweep.

Participant record keeping, individual investment management, GIC fund, global custody, dial-up, securities lending and an enhanced performance measurement are available for additional fees.

Record-keeping services offered include participant record keeping.

New features include an enhanced performance measurement system, an expanded global custody network and real-time inquiry.

Fees are calculated using a basis point charge plus transaction charges.

David F. Bodine is the client contact.

Post-1992 Europe: Oct. 28.

First Wisconsin Trust Co.

P.O. Box 2054, Milwaukee, Wis. 53201; (414) 765-4444

	($ millions)
Domestic master trust assets	$2,724
Tax-exempt	$2,724
Domestic master custodial	$10,908
Tax-exempt	$2,065
Taxable	$8,843
Domestic master trust clients	31
Domestic master custodial clients:	
Tax-exempt	4
Taxable	34
Account supervisors	2
Reports available on-line:	
Monthly transaction	
Asset & liability	

First Wisconsin Trust Co. offers fully accrued, trade-date adjusted accounting as the primary accounting method.

Services offered in the basic master trust/master custodial agreement are plan accounting (both dollar and unitized), care and custody of assets, transaction processing, cash management, consolidated and individual investment reviews and securities lending. On-line access, relative and absolute performance measurement, benefit payments and participant record keeping are available for additional fees.

Record-keeping services offered include participant record keeping for defined contribution plans.

Fees are based on assets and transactions.

Robert J. Aubrecht is the client contact.

Fleet/Norstar

100 Westminster St., Providence, R.I. 02903; (401) 278-3318

	($ millions)
Domestic master trust assets	$3,059
Tax-exempt	$3,059
Domestic master custodial	$742
Tax-exempt	$742
Domestic master trust clients	42
Domestic master custodial clients	21
Account supervisors	18
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Fleet/Norstar reported new, tax-exempt domestic master trust business of $113 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $28 million.

The primary accounting method is cash.

Fees are based on assets, transactions and base fees.

Marshall Raucci Jr. is the client contact.

Harris Trust & Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-2121

	($ millions)
Domestic master trust assets	$45,300
Tax-exempt	$45,300
Domestic master custodial	$37,800
Tax-exempt	$9,000
Taxable	$28,800
Domestic master trust clients	80
Domestic master custodial clients:	
Tax-exempt	6
Taxable	151
Account supervisors	14
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Harris Trust & Savings Bank reported new, tax-exempt domestic master trust business of $983 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $406 million.

The primary accounting method is accrual/trade date. Cash/settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are custody, safekeeping, securities clearance, income collection, cash management, accounting and reporting.

Global custody, benefit disbursements, securities lending, performance measurement, universe comparison, portfolio analysis and consulting, participant record keeping, on-line access with data download and graphics, custom cash management, custom reporting and systematic investment management are available for additional fees.

Record-keeping services offered include customized performance benchmarks.

New features include enhanced reporting and global settlement through Harris' own global custody network.

Fees are based on market value, transactions and individual services.

Ross Lundstrom and Sarah Luthy are master trust client contacts; the master custody client contact is Maureen Waldron.

Hibernia National Bank

P.O. Box 61540, New Orleans, La. 70161; (504) 580-5542

Domestic master trust assets	$356
Tax-exempt	$356
Domestic master custodial	$1,955
Tax-exempt	$1,123
Taxable	$832
Domestic master trust clients	14
Domestic master custodial clients:	
Tax-exempt	9
Taxable	1
Account supervisors	9
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Hibernia National Bank reported new, tax-exempt domestic master trust business of $16 million in the year ended June 30.

The primary accounting method is accrual.

Master trust/custody client agreements are customized. On-line access to individual account information, benefit payments and participant record keeping are available for additional fees.

Record-keeping services offered include participant record keeping.

Fees are based on the market value of assets.

William J. Kearney III is the client contact.

LaSalle National Trust

135 S. LaSalle St., Chicago, Ill. 60603; (312) 443-2300

	($ millions)
Domestic master trust assets	$1,512
Tax-exempt	$1,512
Domestic master custodial	$7,700
Tax-exempt	$7,700
Domestic master trust clients	15
Domestic master custodial clients	354
Account supervisors	11
Reports available on-line:	
Monthly transaction	
Asset & liability	

LaSalle National Trust N.A. reported new, tax-exempt domestic master trust business of $225 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $94 million.

The primary accounting method is cash. Accrual also is offered.

Services offered in the basic master trust/master custodial agreement are account statements, cash management, benefits disbursements and securities safekeeping. Participant record keeping and loan payment are available for additional fees.

Fees are calculated on a base charge, plus a percentage of assets.

Robert D. Meiresonne is the client contact.

Manufacturers Bank

411 W. Lafayette, Detroit, Mich. 48226; (313) 222-5414

	($ millions)
Domestic master trust assets	$20,255
Tax-exempt	$20,255
Domestic master custodial	$7,391
Tax-exempt	$5,021
Taxable	$2,370
Domestic master trust clients	22
Domestic master custodial clients:	
Tax-exempt	50
Taxable	4
Account supervisors	10
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Manufacturers Bank N.A. reported new, tax-exempt domestic master trust business of $56 million in the year ended June 30.

The primary accounting method is trade date, fully accrued. Settlement date is also offered.

Services offered in the basic master trust/master custodial agreement are trusteeship, custody, settlement, income collection, corporate action processing, cash management, reporting and plan accounting.

Performance measurement, TUCS, performance consulting, benefit payments, securities lending, global custody, stock and bond index funds, investment management, downloading and on-line reporting are available for additional fees.

Record-keeping services offered include participant record keeping for defined contribution plans, including participant loan processing and lump-sum distributions.

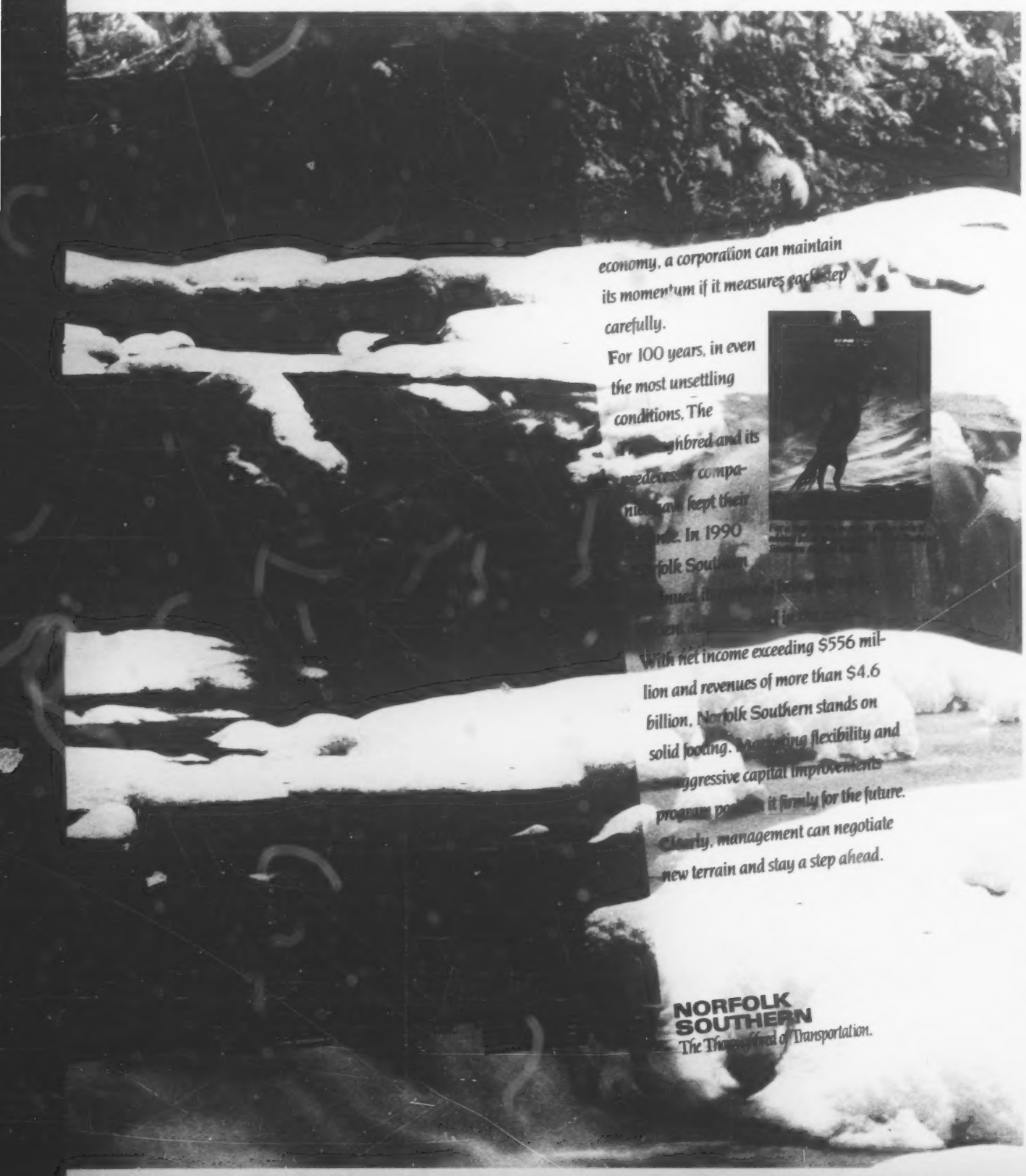
Fees are based on asset value, transactions and holdings.

Larry Rankens is the client contact.

Manufacturers Hanover

270 Park Ave., New York, N.Y. 10017; (212) 613-7950

	($ millions)
Domestic master trust assets	$28,000



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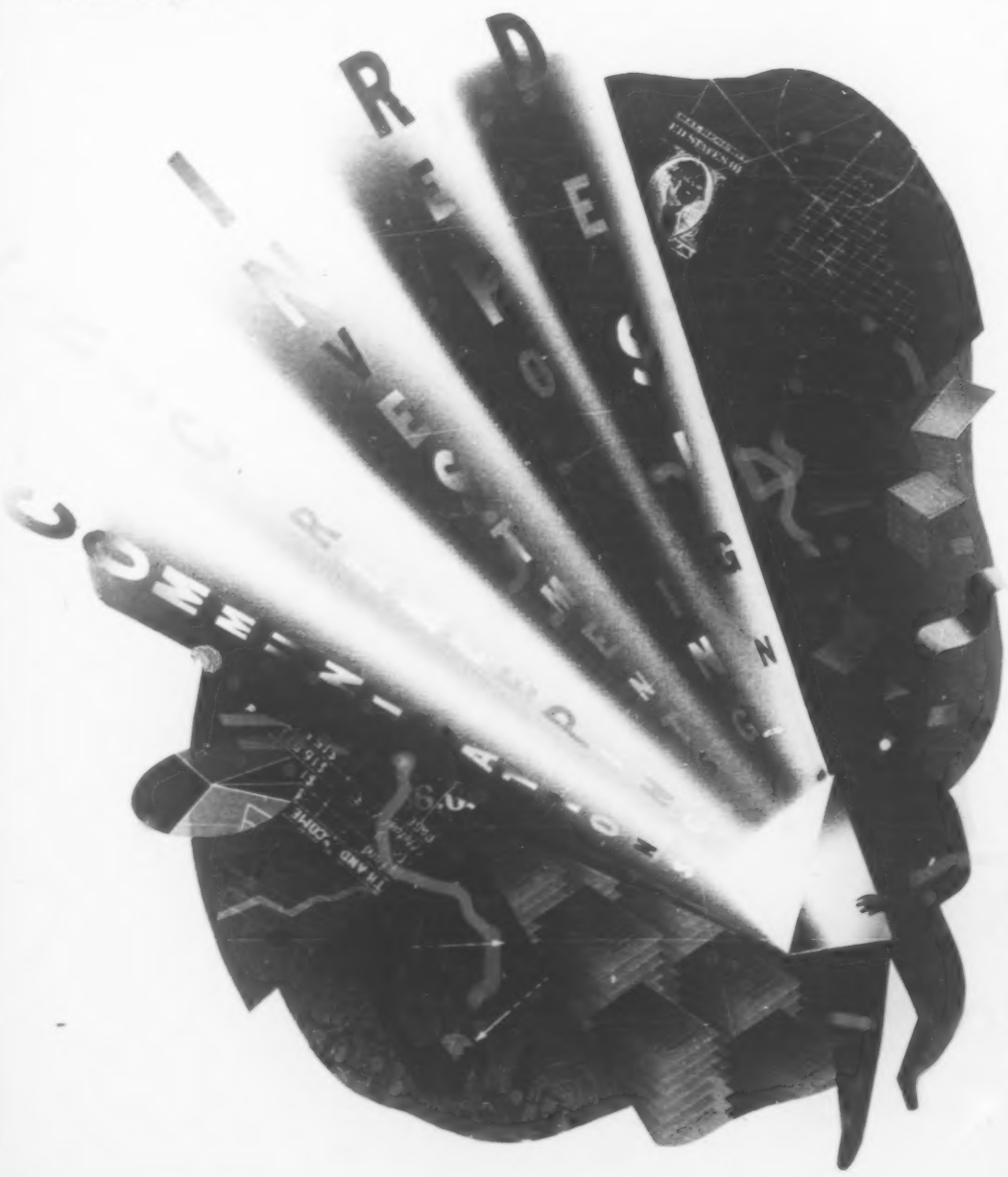

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Tax-exempt	$25,500
Taxable	$2,500
Domestic master custodial	$43,000
Tax-exempt	$2,200
Taxable	$40,800
Domestic master trust clients:	
Tax-exempt	112
Taxable	10
Domestic master custodial clients:	
Tax-exempt	11
Taxable	315
Account supervisors	24
Reports available on-line:	
Asset & liability	
Performance measurement	

[illegible]facturers Hanover reported new, tax-exempt domestic master custody business of $500 million in the year ended June 30.

The primary accounting method is trade date. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are trusteeship, administration, custody and reporting.

Performance measurement, participant record keeping, benefit payments, plan accounting and commingled funds are available for additional fees.

Record-keeping services offered include participant record keeping.

New features include enhanced multicurrency reporting and enhanced on-line GEOPAC.

Fees are based on asset value and transaction volume.

Greg di Pretoro is the client contact.

Marine Midland Bank

250 Park Ave., New York, N.Y. 10177; (212) 503-2724

	($ millions)
Domestic master trust assets	$2,000
Tax-exempt	$2,000
Domestic master custodial	$1,800
Tax-exempt	$1,000
Taxable	$800
Domestic master trust clients	40
Domestic master custodial clients:	
Tax-exempt	6
Taxable	10
Account supervisors	10
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Marine Midland Bank N.A. reported new, tax-exempt domestic master trust business of $100 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $200 million.

The primary accounting method is trade date. Settlement date also is offered.

In addition to basic master trust/custody services, performance measurement, participant record keeping, benefit payments, investment management and securities lending are available for additional fees.

Fees are based on asset value and complexity of the account.

Moira Patterson is the client contact.

Marshall & Ilsley Trust Co.

770 N. Water St., Milwaukee, Wis. 53202; (414) 287-7187

Domestic master trust assets	$1,637
Tax-exempt	$1,637
Domestic master custodial	$4,000
Tax-exempt	$2,000
Taxable	$2,000
Domestic master trust clients	47
Domestic master custodial clients:	
Tax-exempt	8
Taxable	3
Account supervisors	8
Reports available on-line:	
Monthly transaction	
Asset & liability	

Marshall & Ilsley Trust Co. reported new, tax-exempt domestic master trust business of $300 million in the year ended June 30.

The primary accounting method is accrual.

Services offered in the basic master trust/master custodial agreement are performance measurement, ERISA disclosure, benefit disbursement, investment management and participant record keeping. On-line access and data downloading are available for additional fees.

Fees are based on asset value and individual services.

Morry L. Birnbaum is the client contact.

Mellon Bank

1 Mellon Bank Center, Suite 3325, Pittsburgh, Pa. 15258; (412) 234-1336

	($ millions)
Domestic master trust assets	$131,585
Tax-exempt	$129,334
Taxable	$2,251
Domestic master custodial	$52,577
Tax-exempt	$22,425
Taxable	$30,152
Domestic master trust clients:	
Tax-exempt	160
Taxable	13
Domestic master custodial clients:	
Tax-exempt	41
Taxable	65
Account supervisors	35
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Mellon Bank reported new, tax-exempt domestic master trust business of $3.4 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $5.2 billion.

The primary accounting method is trade date, fully accrued. Cash accounting also is offered.

Services offered in the basic master trust/master custodial agreement include conversion, administration, automated cash sweep, cash management, accounting and reporting. Security lending, global custody, participant record keeping, benefit disbursements, performance measurement, options and futures and on-line services are available for additional fees.

New features include employee communications and consulting for defined contribution plans.

Fees are based on a base charge, asset value charge and transaction charges.

Timothy F. Keaney is the client contact.

Mercantile Bank of St. Louis

P.O. Box 387, St. Louis, Mo. 63166-0524; (314) 425-2613

	($ millions)
Domestic master custodial	$80
Tax-exempt	$80
Domestic master custodial clients	1
Account supervisors	2
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Mercantile Bank of St. Louis N.A. reported new,

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Washington, DC 20036

tax-exempt domestic master custody business of $80 million in the year ended June 30.

The primary accounting method is cash. EBR income also is offered.

Services offered in the basic master custodial agreement are trade processing, safekeeping, income collection, daily cash management, transaction recording and reporting at cost and market. Record keeping, plan tax forms, prototypes, participant loans, benefit distribution with tax forms, securities lending and unitized accounting are available for additional fees.

Record-keeping services offered include full services for defined contribution plans.

New features include enhanced EDP in retirement plan and cash management.

Fees are calculated on base fee with market value fee, transaction and cash management on services provided.

J. Craig Nelson is the client contact.

Montreal Trust Co. of Canada

15 King St. W., Toronto, Ont. M5H 1B4; (416) 860-5617

	($ millions)
Canadian master trust assets	$7,841
Tax-exempt	$7,841
Canadian master trust clients	76
Account supervisors	10
Reports available on-line:	
Monthly transaction	
Asset & liability	

Montreal Trust Co. of Canada services Canadian clients and provides settlement date as the primary accounting method.

Services offered in the basic master trust/master custodial agreement are trustee/custodial services, safekeeping, production and maintenance of accounting records and regular asset valuation.

Transaction/activity, additional participants, utilization, portfolio accounting, mortgage administration, audit letters, strip coupon custody, benefit payments and dial-up systems are available for additional fees.

New features include enhanced client reports.

Fees are based on average book value.

The client contact is Terry McLeod.

NBD Bank

611 Woodward Ave., Detroit, Mich. 48226; (313) 225-2660

	($ millions)
Domestic master trust assets	$13,630
Tax-exempt	$13,630
Domestic master custodial	$24,826
Tax-exempt	$24,043
Taxable	$783
Domestic master trust clients	147
Domestic master custodial clients:	
Tax-exempt	120
Taxable	16
Account supervisors	13
Reports available on-line:	
Monthly transaction	
Asset & liability	

NBD Bank N.A. reported new, tax-exempt domestic master trust business of $159 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.045 billion.

The primary accounting methods are trade date and settlement date.

Services offered in the basic master trust/master custodial agreement are custody, benefit disbursements, cash management, performance measurement, portfolio review, securities lending, global custody, on-line downloading and on-line inquiry capabilities. Participant record keeping and investment management are available for additional fees.

Record-keeping services offered include mutual fund accounting.

New features include enhanced on-line inquiry capabilities.

Fees are based on asset value and transactional analysis.

Jon R. Mittler is the client contact.

NCNB

1 NCNB Plaza T10-10, Charlotte, N.C. 28255; (704) 386-5115

	($ millions)
Domestic master trust assets	$18,808
Tax-exempt	$15,808
Taxable	$3,000
Domestic master custodial	$16,157
Tax-exempt	$13,520
Taxable	$2,637
Domestic master trust clients:	
Tax-exempt	23
Taxable	4
Domestic master custodial clients:	
Tax-exempt	36
Taxable	5
Account supervisors	8
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

NCNB reported new, tax-exempt domestic master custody business of $4.382 billion in the year ended June 30.

The primary accounting method is trade date/full accrual. Settlement date, cash or accrual basis also is offered.

Services offered in the basic master trust/master custodial agreement are client on-line reporting and downloading, on-line DTC securities processing, on-line cash management and forecasting, fail float earnings, accounting reports, global custody, plan accounting and reporting, pre-crediting dividends and interest on payable date in good funds, daily pricing, on-line benefit payments and control disbursement, securities lending, options and futures processing, on-line performance measurement and analytics, TUCS, asset allocation and simulation services, on-line investment manager affirmation, on-line cash management sweep services and on-line institutional custody service.

ESOP and 401(k) administration, government reporting, stock and bond index funds, portfolio risk insurance, GIC wholesale service, dedicated bond portfolio, performance consulting, transition manager service, futures and options, international, real estate and energy investing are available for additional fees.

Record-keeping services offered include individual plan participant record keeping.

New features include improved customer reporting and expanded trade execution capabilities.

Fees are based on a percentage of market value plus transaction fees.

James D. Wehr and F. Huling Poston are client contacts.

The Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

	($ millions)
Domestic master trust assets	$120,783
Tax-exempt	$120,783
Domestic master custodial	$109,590
Tax-exempt	$76,875
Taxable	$32,715
Domestic master trust clients	332

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Domestic master custodial clients:
Tax-exempt 102
Taxable 46
Account supervisors 66
Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

The Northern Trust Co. reported new, tax-exempt domestic master trust business of $5.18 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $3.231 billion.

The primary accounting method is settlement date/fully accrued. Trade date, cash basis and tax lot also are offered.

Services offered in the basic master trust/master custodial agreement are custody, trade settlement, daily pricing, income collections, capital change processing and standard reporting. Global custody, securities lending, on-line reporting, performance measurement and analytics, benefits payments, plan accounting, cash management and investment services are available for additional fees.

New features include international performance measurement and analytics, expanded international securities lending, NRA cash management and automated trade capture.

Fees are based on number of investment managers, number and type of transactions and market value of assets.

Thomas W. Kimen is client contact.

Norwest Bank Minnesota

Norwest Center, Sixth & Marquette, Minneapolis, Minn. 55479; (612) 667-0694

	($ millions)
Domestic master trust assets	$3,500
Tax-exempt	$3,500
Domestic master custodial	$4,717
Tax-exempt	$1,537
Taxable	$3,180
Domestic master trust clients	27
Domestic master custodial clients:	
Tax-exempt	60
Taxable	13
Account supervisors	7
Reports available on-line:	
Monthly transaction	
Asset & liability	

Norwest Bank Minnesota N.A. reported new, tax-exempt domestic master trust business of $133 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $201 million.

The primary accounting method is trade date, full accrual. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, cash management, trade settlement, income collection, corporate action monitoring, daily pricing, proxy vote reporting, 5500 reporting and securities lending.

Performance measurement, portfolio analytic reporting, on-line access, pension payment services, participant record keeping, investment management, mutual fund accounting, shareholder accounting and global custody are available for additional fees.

Record-keeping services offered include shareholder record keeping.

New features include on-line portfolio information system, enhanced performance analytic reporting and pension hotline.

Fees are based on the number of transactions, accounts and market value of assets.

Jill Johnson is the client contact.

The Riggs National Bank of Washington D.C.

808 17th St. N.W., Washington, D.C. 20074-0315; (202) 835-6883

	($ millions)
Domestic master custodial	$27,400
Tax-exempt	$7,000
Taxable	$20,400
Domestic master custodial clients:	
Tax-exempt	150
Taxable	250
Account supervisors	6
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

The Riggs National Bank of Washington D.C. reported new, tax-exempt domestic master custody business of $300 million in the year ended June 30.

The primary accounting method is cash. Accrual also is offered.

Services offered in the basic master custodial agreement are custody and record keeping, income collection, trade settlement, cash management and securities lending. Performance measurement is available for additional fees.

Fees are based on a combination of transaction fees, base fees and/or basis point fees.

The client contact is Albert L. Behar.

Security Pacific Bank

333 S. Grand Ave., Suite 1740, Los Angeles, Calif. 90071; (213) 229-2999

	($ millions)
Domestic master trust assets	$24,000
Tax-exempt	$22,000
Taxable	$2,000
Domestic master custodial	$246,000
Tax-exempt	$55,000
Taxable	$191,000
Domestic master trust clients:	
Tax-exempt	50
Taxable	10
Domestic master custodial clients:	
Tax-exempt	73
Taxable	345
Account supervisors	100
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Security Pacific Bank reported new, tax-exempt domestic master trust business of $1 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $11 billion.

The primary accounting method is trade date for trust accounts; cash for custody accounts. Settlement date, accrual, average cost, LIFO, FIFO, scientific and amortization/accretion also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, clearing, income collection, capital change notification, cash management, reporting, on-line access and ERISA reports. Report writer, performance measurement, securities lending, electronic funds transfer, global custody, benefit payments and plan share accounting are available for additional fees.

New features include electronic funds transfer.

Fees are based on a combination of asset-based and/or unbundled transaction fees.

Brad Marcus is the client contact.

Security Trust Co.

1501 Pennsylvania Ave. N.W., Washington D.C. 20013; (202) 624-4158

	($ millions)
Domestic master trust assets	$1,681
Tax-exempt	$1,379
Taxable	$302
Domestic master custodial	$4,607
Tax-exempt	$2,851
Taxable	$1,756
Domestic master trust clients:	
Tax-exempt	43
Taxable	10
Domestic master custodial clients:	
Tax-exempt	16
Taxable	18
Account supervisors	22
Reports available on-line:	
Monthly transaction	
Asset & liability	

Security Trust Co. N.A. reported new, tax-exempt domestic master custody business of $452 million in the year ended June 30.

The primary accounting method is settlement date. Accrual/trade date also is offered.

Services offered in the basic master trust/master custodial agreement are record keeping, trusteeship, safekeeping and settlement, investment management, cash management, monthly asset and transaction reporting and 5500 reporting format.

Consulting, plan documentation services, employee communications, administrative procedure review, performance measurement, special report formats and benefit payments are available for additional fees.

Record-keeping services offered include participant record keeping.

Fees are based on market value of assets plus transaction charges. Ancillary fees are billed as contracted.

Lisa W. MacInnes is master trust client contact; Kathy A. Jackson and Judy K. McCoy are master custody client contacts.

NOT JUST A SERVICE. A PARTNERSHIP.

In Global Custody few things are more important than service.

At Boston Safe Deposit and Trust Company, we give the idea of service its ultimate expression: offering our clients a partnership between professionals.

This allows us to consistently offer a high degree of involvement in and understanding of our clients' specific requirements.

Indeed, we have specialized in custody for over 100 years, and currently handle assets exceeding $260 billion.

To maintain our leadership in Global Custody, we have always invested extensively in the two areas critical to an efficient operation:

People and technology.

Our people, for example, know how to meet requirements demanded by very large institutional clients, and they thrive in such an environment.

Of course, being responsive to a client's requirements also demands information technology of the highest order in systems and software.

We shape systems and software to individual client needs. Even methods of presenting and reporting information conform to those of the client (not, as some banks would have it, the other way around). And clients have immediate, on-line access to the status of their portfolios at any time.

With our sub-custodian network and customized advanced technology, we are able to closely monitor all clients' securities settlements worldwide. In addition, we have daily updated information on more than 100,000 companies, ensuring prompt notification of dividends and interest and awareness of corporate actions throughout the world.

In brief, a successful partnership is based on respect and trust. And that's why we offer something truly different:

Not just a service. A partnership.

Contact Paul S. Maregni, Vice President, One Boston Place, Boston, Massachusetts 02108, Telephone: 617-722-7314, or Paul Sarosy Jr., Vice President, Princess House, Bush Lane, London EC4R OAN, Telephone, 071-623 0800

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Boston Safe Deposit and Trust Company

THE BOSTON COMPANY
Boston Safe Deposit and Trust Company

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Signet Trust Co.

7 N. Eighth St., Richmond, Va. 23219; (804) 771-7156

	($ millions)
Domestic master trust assets	$497
Tax-exempt	$497
Domestic master trust clients	6
Account supervisors	3
Reports available on-line:	
Monthly transaction	
Asset & liability	

Signet Trust Co. reported new, tax-exempt domestic master trust business of $37 million in the year ended June 30.

The primary accounting method is settlement date. Trade date also is offered.

Services offered in the basic master trust agreement are safekeeping, trade settlement, cash sweep, short-term investments, securities lending, global capability, income collection, reporting and performance reporting. On-line access is available for additional fees.

Record-keeping services offered include defined contribution participant record keeping, including daily valuation.

Fees are based on market value, transactions and holdings.

Peggy Harding is the client contact.

State Street Bank and Trust

P.O. Box 1992, Boston, Mass. 02105-1992; (617) 847-2511

	($ millions)
Domestic master trust assets	$149,336
Tax-exempt	$143,266
Taxable	$6,070
Domestic master custodial	$186,074
Tax-exempt	$171,963
Taxable	$14,111
Domestic master trust clients:	
Tax-exempt	222
Taxable	1
Domestic master custodial clients:	
Tax-exempt	113
Taxable	6
Account supervisors	57
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

State Street Bank and Trust Co. reported new, tax-exempt domestic master trust business of $6.484 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $13.308 billion.

The primary accounting method is trade date, full accrual. Tax lot, LIFO and FIFO also are offered.

Services offered in the basic master trust/master custodial agreement are trusteeship, safekeeping, cash management, trade settlement, income collection, corporate action monitoring, daily/weekly/monthly valuation, fiduciary control and on-line access.

Global custody, global asset allocation, domestic and international index funds, performance measurement and analytics, securities lending and dividend reinvestment are available for additional fees.

Record-keeping services offered include participant record keeping, plan accounting, mutual fund accounting and insurance reporting.

New features include 24-hour securities lending, enhanced money market funds, 5500 reporting with new ERISA cost and assistance with organization-sponsored mutual funds.

Fees are based on asset value, transaction and per portfolio charges.

Frank D. Antin is the client contact.

SunTrust Banks Inc.

25 Park Place, Atlanta, Ga. 30303; (404) 588-8636

	($ millions)
Domestic master trust assets	$2,331
Tax-exempt	$2,331
Domestic master custodial	$2,222
Tax-exempt	$1,734
Taxable	$488
Domestic master trust clients	14
Domestic master custodial clients:	
Tax-exempt	10
Taxable	4
Account supervisors	3
Reports available on-line:	
Monthly transaction	
Asset & liability	

SunTrust Banks Inc. reported new, tax-exempt domestic master custody business of $6 million in the year ended June 30.

The primary accounting method is trade date, full accrual. Cash, tax lot, settlement date, book value and other variations also are offered.

In addition to basic master trust custody services, global custody, investment performance measurement, securities lending and on-line access are available for additional fees.

Record-keeping services offered include participant record keeping.

Fees are based on market value of assets.

James F. Winters III is the client contact.

U.S. Trust Co. of New York

114 W. 47th St., New York, N.Y. 10036-1532; (212) 852-1000

	($ millions)
Domestic master trust assets	$70,300
Tax-exempt	$19,300
Taxable	$51,000
Domestic master custodial	$172,700
Tax-exempt	$6,700
Taxable	$166,000
Domestic master trust clients:	
Tax-exempt	121
Taxable	28
Domestic master custodial clients:	
Tax-exempt	54
Taxable	137
Account supervisors	28
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

U.S. Trust Co. of New York reported new, tax-exempt domestic master trust business of $3.3 billion in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.34 billion.

The primary accounting methods are trade date, contractual settlement and actual settlement, with or without full accruals. Accounting is also offered on low and high costs basis, by average cost and with specific tax lot identification. Amortization, accretion, fund accounting and full liability accounting also are provided.

Services offered in the basic master trust/master custodial agreement are securities safekeeping; monthly and annual accounting; on-line period-to-date accounting; on-line cash projection; 5500 reporting; options and futures accounting; legal and regulatory reporting; cash management; STIF sweep; corporate actions; valuation procedures; capital changes, redemptions and maturities; DTC, FRB and participant trust interfaces; wire transfers; proxy notifications; income collection; trade settlement; plan allocation; dividend reinvestment; investment management; and physical safekeeping.

Securities lending; investment analytics; global custody; benefit payments; passive and structured management; record keeping; short-term management; customized reporting and graphics; trade execution monitoring; CPU-to-CPU interface and workstation capabilities; performance measurement; scenario analysis; and relative performance services are available for additional fees.

Record-keeping services offered include participant record keeping, options and futures accounting, mutual fund record keeping and daily pricing and processing of contributions and redemptions.

New features include customized system links, such as auto-reconciliation and single data entry; block trading capabilities; comprehensive on-line security location reporting; on-line processing of private placements; global securities lending; and fully integrated multi-currency reporting.

Fees are based on transaction volume, market value and services.

Robert E. Furst is the client contact.

Wachovia Corp.

301 N. Main St., Winston-Salem, N.C. 27150; (919) 770-6348

	($ millions)
Domestic master trust assets	$35,467
Tax-exempt	$35,427
Taxable	$40
Domestic master custodial	$13,009
Tax-exempt	$8,389
Taxable	$4,620
Domestic master trust clients:	
Tax-exempt	90
Taxable	4
Domestic master custodial clients:	
Tax-exempt	42
Taxable	26
Account supervisors	34
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Wachovia Corp. reported new, tax-exempt domestic master trust business of $487 million in the year ended June 30 and new, tax-exempt domestic master custodial business of $224 million.

The primary accounting method is full accrual, trade date adjusted. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are custody, benefit payments, ERISA reporting, cash management, fail float analysis, monthly reporting, plan accounting, on-line inquiry, legal administrative guidance, administration and daily pricing.

Securities lending, global custody, asset allocation, options and futures processing, participant record keeping, performance measurement, portfolio analysis and comparative performance, customized reporting, trade execution reporting, equity index fund, GIC fund, proxy voting and monitoring, flexible reporting, timberland fund, charitable unitized accounting, private foundation, tax preparation and deferred gift administration are available for additional fees.

Record-keeping services offered include participant record keeping for defined contribution plans and master trust plan accounting.

New features include daily valuation of participant accounts and flexible performance measurement reporting.

Fees are based on market value and transaction charges.

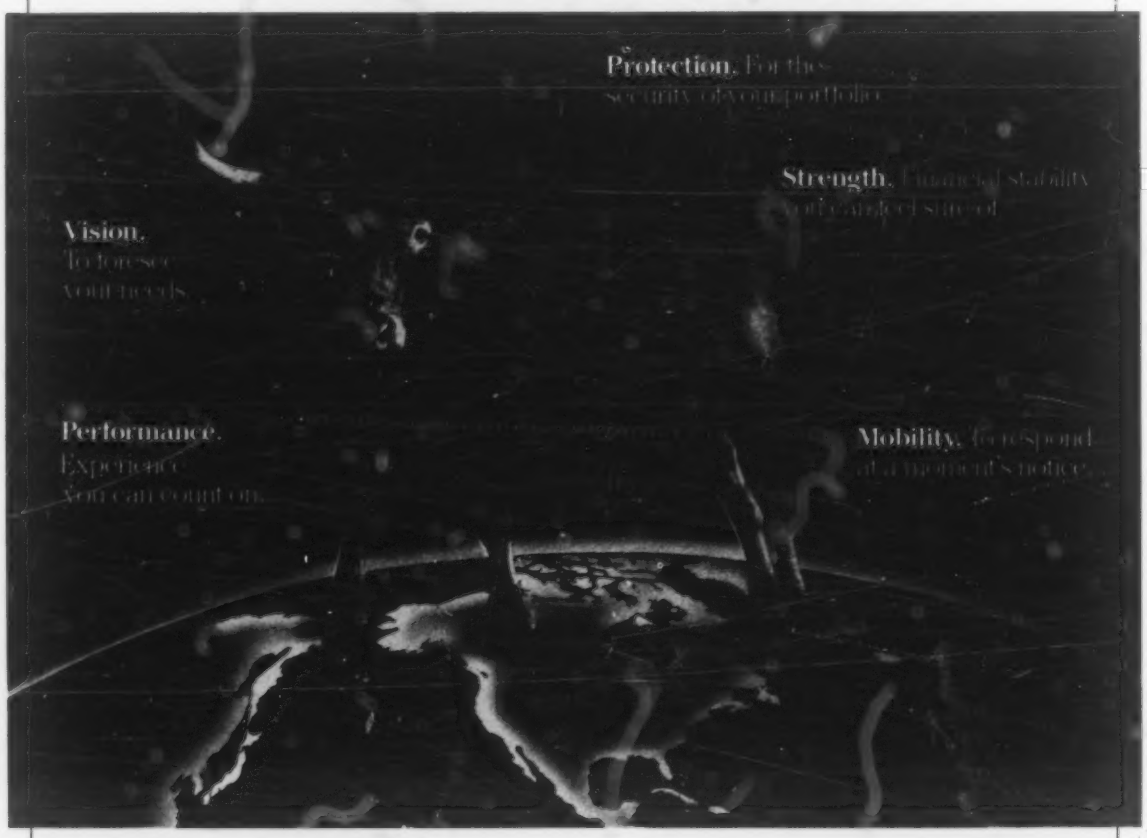
The master trust client contact is Jane B. Fisher; the master custody client contact is David C. Taylor.

Wilmington Trust Co.

Rodney Square North, Wilmington, Del. 19890; (302) 651-1000

	($ millions)
Domestic master trust assets	$20,596
Tax-exempt	$20,596
Domestic master custodial	$471
Tax-exempt	$471
Domestic master trust clients	12
Domestic master custodial clients	5
Account supervisors	6
Reports available on-line:	
Monthly transaction	
Asset & liability	

Few firms share our qualifications as a global custodian.



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We believe that global custody services should fit the client's needs, not the other way around. Call today to put that philosophy to work for you.

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Wilmington Trust Co. offers trade date, full accrual as the primary accounting method. Contractual settlement date and cash accounting are also offered.

Services offered in the basic master trust/master custodial agreement are custody, cash management, master trust reporting, options and futures processing and performance measurement.

Investment and analytic services, on-line access, securities lending, global custody, pension disbursement and record keeping are available for additional fees.

New features include current value reporting and cash flow projections.

Fees are based on asset value and transaction charges.

Barbara Uberti is the client contact.

GLOBAL

Bank of America

555 California St., San Francisco, Calif. 94104; (415) 622-1988

	($ millions)
Total global custody assets	$13,000
U.S. tax-exempt	$2,260
U.S. taxable	$1,500
Account supervisors	12
Reports available on-line:	
Monthly transaction	

Countries serviced by Bank of America's global custody network are Japan, the United Kingdom and the United States. Twenty-six other countries are served by a subcustodian. The bank assists clients with foreign tax withholding in 29 countries.

Fees are based on asset value, transaction charges (determined by country of investment) and client reporting requirements. A flat, fixed fee or a per-product price, based upon an agreed service plan, can be provided.

Record-keeping services include multicurrency accounting and reporting, foreign exchange, fund accounting for non-U.S.-based funds with offshore investments, securities lending reporting, cash management services and on-line portfolio reporting.

The client contact is Robert Darmanin.

Bank of Boston

150 Royall St., Canton, Mass. 02021; (617) 575-2171

	($ millions)
Total global custody assets	$4,300
U.S. tax-exempt	$300
U.S. taxable	$4,000
Account supervisors	8
Reports available on-line:	
Monthly transaction	
Asset & liability	

Countries serviced by Bank of Boston's global custody network are Argentina, Brazil and the United States. Thirty-two other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding in all countries where tax reclaims are remitted under local laws.

Fees are unbundled to the country level, then are calculated based on assets and transactions.

Record-keeping services include donor accounting, master trust services and transfer agent for closed-end mutual funds.

The client contact is John Houlihan.

The Bank of New York

1 Wall St., New York, N.Y. 10286; (212) 495-1784

	($ millions)
Total global custody assets	$27,000
U.S. tax-exempt	$3,600
U.S. taxable	$23,400
Account supervisors	26
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Countries serviced by The Bank of New York's global custody network are Argentina, the United Kingdom and the United States. Thirty-two other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding.

Fees are based on asset market value, transactions, portfolio structure and services required.

Record-keeping services include a multicurrency reporting package and performance measurement.

The client contacts are Curtis Yamaoka, Janet Zaloom and Fred Ricciardi.

Bankers Trust Co.

280 Park Ave., New York, N.Y. 10017; (212) 454-4652

	($ millions)
Total global custody assets	$23,200
U.S. tax-exempt	$12,360
U.S. taxable	$369
Account supervisors	18
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Countries serviced by Bankers Trust Co.'s global custody network are Ireland, New Zealand, Switzerland, the United Kingdom and the United States. Twenty-nine other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding in 18 countries.

Fees are based on the number of portfolios, asset size, country exposure and transaction volume.

Record-keeping services include on-line access to activity reports on all securities and cash activity, multicurrency accounting, account position and transactions, fund valuation and performance measurement.

Mary Ann Schreiber is client contact.

Barclays Bank PLC

Global Custody Group, 75 Wall St., New York, N.Y. 10265; (212) 412-3439

	($ millions)
Total global custody assets	$135,000
U.S. tax-exempt	$400
U.S. taxable	$550
Account supervisors	19
Reports available on-line:	
Monthly transaction	
Asset & liability	

Countries serviced by Barclays Bank PLC's global custody network are the United Kingdom, Australia, Canada, the Channel Islands, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Portugal, Singapore, Spain, Switzerland and the United States. Fifteen other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding.

Fees are based on a portfolio fee and a transaction fee, which are country specific, as well as on a reporting fee.

The client contacts are Paul Corelli and Robert Hetsenrether.

Boatmen's Trust Co.

100 N. Broadway, St. Louis, Mo. 63102; (314) 466-3800

	($ millions)
Total global custody assets	$355
U.S. tax-exempt	$355
Account supervisors	3
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Boatmen's Trust Co. offers a "private label" product for which Bankers Trust and Chase Manhattan are the primary suppliers of the subcustodial network.

Thirty-four countries are serviced by the global custody network.

The bank assists clients with foreign tax withholding in those countries where a dual taxation treaty exists.

Fees are based on manager charges, market value and transactions.

Richard W. Hibbs is client contact.

Boston Safe Deposit and Trust Co.

1 Boston Place, Boston, Mass. 02108; (617) 722-7000

	($ millions)
Total global custody assets	$29,013
U.S. tax-exempt	$20,788
U.S. taxable	$5,290
Account supervisors	33
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Boston Safe Deposit and Trust Co.'s global custody network services 39 countries. The bank assists clients with foreign tax withholding in all countries serviced by the global custody network.

Fees are calculated on any of the following: portfolio charges, asset-based charges, transaction charges, ancillary services and incremental costs.

Record-keeping services include benefit disbursements, performance measurement, analytics, on-line inquiry and reporting, multicustodian reconciliation and securities lending.

The client contact is Paul S. Maregni.

Brown Brothers Harriman

40 Water St., Boston, Mass. 02109; (617) 742-1818

	($ millions)
Total global custody assets	$110,000
U.S. tax-exempt	$1,250
U.S. taxable	$46,000
Account supervisors	75
Reports available on-line:	
Monthly transaction	
Asset & liability	

The United States is serviced directly by Brown Brothers Harriman & Co.'s global custody network. Thirty-eight other countries are served by a subcustodian. The bank assists clients with foreign tax withholding in all countries serviced by the global custody network.

Fees are calculated on the market value of assets and transactions.

Record-keeping services include multicurrency accounting and valuation.

The client contact is Susan Livingston.

The Chase Manhattan Bank

1211 Sixth Ave., New York, N.Y. 10036; (212) 789-4118

	($ millions)
Total global custody assets	$136,700
U.S. tax-exempt	$19,100

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U.S. taxable ..... $53[illegible]0
Account supervisors 31
Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Countries serviced by The Chase Manhattan Bank's global custody network are Argentina, Australia, Brazil, Chile, Germany, Hong Kong, Italy, Japan, Malaysia, Mexico, Singapore, Spain, Taiwan, Thailand, Turkey, United Kingdom, United States and Venezuela. Eighteen other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding in all countries serviced where taxes are reclaimable.

Fees are calculated by market value, transaction type and volume, and portfolio type and volume by country.

Record-keeping services include multicurrency valuation, tax lot reporting, participant record keeping, securities lending reporting and transfer agent.

The client contact is Peter Derrenbach.

Chemical Banking Corp.

55 Water St., New York, N.Y. 10041; (212) 820-5000

($ millions)
Total global custody assets $17,000
U.S. tax-exempt $50
U.S. taxable $1,500
Account supervisors 8
Reports available on-line:
Monthly transaction
Asset & liability

Countries serviced by Chemical Banking Corp.'s global custody network are Belgium, Guernsey, Luxembourg, the United States and the United Kingdom. Twenty-six other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding. Fees are based on volume and country activity.

Record-keeping services include full accrual accounting and reporting, cash management services and on-line inquiry and input reporting.

The client contact is Ken Montgomery.

Citibank

111 Wall St., New York, N.Y. 10043; (212) 657-9102

($ millions)
Total global custody assets $169,000
U.S. tax-exempt $2,000
U.S. taxable $11,000
Account supervisors 250
Reports available on-line:
Monthly transaction
Asset & liability

Thirty-five countries in Citibank's global custody network are serviced directly by the bank's own branches and subsidiaries. Eleven other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding.

Fees are calculated on the basis of the countries of investment and services used.

Record-keeping services include multicurrency reporting, daily on-line activity reports, participant record keeping, foreign exchange, income collection, securities lending reports and fund accounting for non-U.S. based funds with offshore investments.

The client contact for North America is Kenneth A. Hines Jr.

Continental Bank

231 S. LaSalle St., Chicago, Ill. 60697; (312) 828-4038

($ millions)
Total global custody assets $2,730
U.S. tax-exempt $420
U.S. taxable $2,278
Account supervisors 4
Reports available on-line:
Monthly transaction
Asset & liability

Continental Bank directly services the United States. Twenty-five other countries in the global custody network are served by a subcustodian.

The bank assists clients with foreign tax withholding in countries where dual tax treaties exist.

Fees are based on market value, transactions, and the costs of investing in foreign markets.

Record-keeping services include international securities lending, foreign exchange and risk management.

The client contact is Cheryl A. Derezinski.

CoreStates Bank

P.O. Box 7558, Philadelphia, Pa. 19101-7558; (215) 786-7946

($ millions)
Total global custody assets $1,300
U.S. tax-exempt $1,300

CoreStates Bank offers a "private label" product for which State Street Bank and Trust Co. is the primary supplier of the subcustodial network.

The client contact is Jerry Hayes.

Investment management consultants will be profiled in the Nov. 11 issue of *Pensions & Investments*.

First Interstate Bank Ltd.

707 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 614-2291

($ millions)
Total global custody assets $320
U.S. tax-exempt $320
Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

First Interstate Bank Ltd. offers a "private label" product for which Chase Manhattan Bank is the primary supplier of the subcustodial network.

Thirty-three countries are serviced by the global custody network. The bank assists clients with foreign tax withholding in all countries in the network.

Fees are calculated on the basis of market value and transaction volume.

The client contact is Deborah Dilley.

The First National Bank of Chicago

1 First National Plaza, Chicago, Ill. 60670; (312) 732-8130

($ millions)
Total global custody assets $7,000
U.S. tax-exempt $2,000
U.S. taxable $4,000
Account supervisors 3
Reports available on-line:
Monthly transaction
Performance measurement

The First National Bank of Chicago's global custody network services [illegible] through subcustodians.

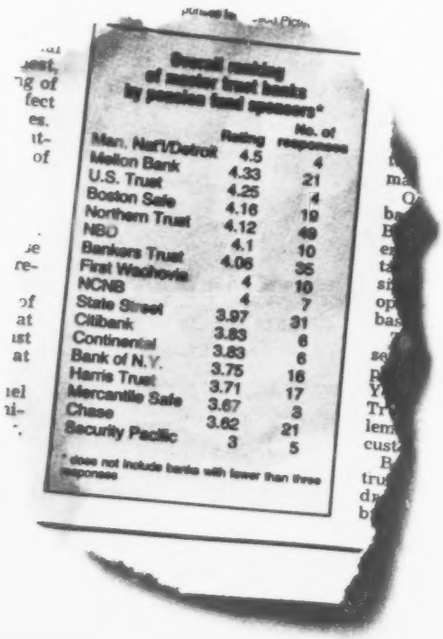
The bank assists clients with foreign tax withholding in all countries where tax withholding reclaims are possible.

Fees are based on a basic account charge (fixed or based on asset value), plus activity fees and external/subcustodian charges at cost.

Record-keeping services include multicurrency valuations, portfolio analysis by country/investment sector and income received/receivable.

The client contact is Marcia L. Wallace.

There are dozens of good ways to invest your pension funds.


Overall ranking of master trust banks by pension fund sponsors*
Rating
No. of responses
Man. Nat'l/Detroit 4.5 4
Mellon Bank 4.33 21
U.S. Trust 4.25 4
Boston Safe 4.16 19
Northern Trust 4.12 49
NBD 4.1 10
Bankers Trust 4.06 35
First Wachovia 4 10
NCNB 4 7
State Street 3.97 31
Citibank 3.83 6
Continental 3.83 6
Bank of N.Y. 3.75 16
Harris Trust 3.71 17
Mercantile Safe 3.67 3
Chase 3.62 21
Security Pacific 3 5
* does not include banks with fewer than three responses

But apparently only one way to control them.

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Global custodians ranked by U.S. tax-exempt assets

State Street Bank	36,526
Chase Manhattan	19,100
Bankers Trust	12,360
J.P. Morgan	6,000
Harris Trust	2,600
Mitsubishi Global	2,470
Citibank	2,000
Morgan Stanley	1,765
Midland Securities	1,500
NCNB	600
NBD Bank	500
Barclays Bank	400
First Trust	100
Total	141,789

First Trust National Association

180 E. Fifth St., SPFT0402, St. Paul, Minn. 55101; (612) 223-7402

($ millions)
Total global custody assets $990
U.S. tax-exempt $100
U.S. taxable $890
Account supervisors 11
Reports available on-line:
Monthly transaction
Asset & liability

First Trust National Association's global custody network uses subcustodians to service 25 countries. The bank assists clients with foreign tax withholding in 11 countries.

Fees include a transaction fee, inventory holding charge (basis points), wire fee and some subcustodian charges.

Record-keeping services include daily foreign cash balance; daily trade failed, pending and settlement report; daily recap of foreign exchange activity; daily dividend information; and a monthly outstanding tax reclaim report.

The client contact is Michael C. Derck.

Harris Trust & Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-2121

	($ millions)
Total global custody assets	$14,600
U.S. tax-exempt	$2,600
U.S. taxable	$2,300
Account supervisors	24
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Harris Trust & Savings Bank's global custody network services 27 countries through subcustodians. The bank assists with tax withholding in all countries where tax reclamations are available.

Fees are based on assets' market value, plus a charge for foreign exchange settlements.

Record-keeping services include electronic data transfer.

The client contact is Beth Stubenrauch.

Manufacturers Bank

411 W. Lafayette, Detroit, Mich. 48226; (313) 222-5414

	($ millions)
Total global custody assets	$283
U.S. tax-exempt	$283
Account supervisors	10
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Manufacturers Bank offers a "private label" product for which Morgan Stanley Trust Co. is the primary supplier of the subcustodial network.

Thirty-one countries are serviced by the global custody network. The bank assists clients with foreign tax withholding.

Fees are based on asset value and transaction activity.

The client contact is Larry Rankens.

Manufacturers Hanover

270 Park Ave., New York, N.Y. 10017; (212) 613-7309

	($ millions)
Total global custody assets	$70,000
U.S. tax-exempt	$1,500
Account supervisors	30
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

The United Kingdom is serviced by Manufacturers Hanover's global custody network. Thirty other countries are served by a subcustodian. The bank assists clients with foreign tax withholding in all countries serviced by the global custody network.

Standard fees are based on a fee for each security transaction and an ad-valorum charge on the value of the portfolio. Fees are typically structured in four bands, depending on the relative inefficiencies and costs of the various markets.

The client contact is Greg di Pretoro.

Mellon Bank

1 Mellon Bank Center, Suite 3325, Pittsburgh, Pa. 15258; (412) 234-1336

	($ millions)
Total global custody assets	$7,300
U.S. tax-exempt	$7,100
Account supervisors	25
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Mellon Bank's global custody network services 30 countries through subcustodians.

The bank assists clients with foreign tax withholding in all countries served by the network.

Fees are calculated on the basis of account base charge, asset value and transaction charges.

Record-keeping services include multicurrency accounting.

The client contact is Timothy F. Keaney.

Midland Securities Services

5 Laurence Pountney Hill, London EC4R 0EU, U.K.; 71-260-6334

	($ millions)
Total global custody assets	$97,200
U.S. tax-exempt	$1,500
Account supervisors	40
Reports available on-line:	
Monthly transaction	
Asset & liability	

Midland Securities Services services 50 countries through subcustodians in the global custody network. The United Kingdom is serviced directly by the bank.

The bank assists clients with foreign tax withholding in 19 countries.

Fees are calculated on either a basis point charge on asset value or per line. Transaction fees are at a flat rate; prices vary by location.

Record-keeping services include tax lot accounting, multicurrency reporting, electronic reporting, cash projection and cash management.

The client contact is Richard Hogsflesh.

Mitsubishi Global Custody

800 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 621-1393

	($ millions)
Total global custody assets	$6,500
U.S. tax-exempt	$2,470
U.S. taxable	$4,030
Account supervisors	3
Reports available on-line:	
Monthly transaction	
Asset & liability	

Mitsubishi Global Custody directly services Japan in its global custody network; 21 other countries are served by subcustodians. The bank assists clients with foreign tax withholding in 13 countries.

Fees vary by country, calculated as a percentage of market value, plus a per transaction charge.

Record-keeping services include securities lending.

The client contact is Janet Potter.

J.P. Morgan

60 Wall St., New York, N.Y. 10260; (212) 648-3250

	($ millions)
Total global custody assets	$60,000
U.S. tax-exempt	$6,000
U.S. taxable	$54,000
Account supervisors	45

Countries serviced by J.P. Morgan's global custody network are Belgium, France, Germany, Italy, Japan, Spain, Switzerland, the United Kingdom and the United States. Twenty-three other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding in all countries, depending on the eligibility of the client and specific country regulations.

Fees are based on a basis point methodology, based on the value of the portfolio plus transaction costs.

Record-keeping services include daily real-time reporting, including currency management, settlements, pending transactions, failed transactions, settled income and asset positions.

The client contact is Rene Vanguestaine.

Morgan Stanley Global Securities Services

1251 Avenue of the Americas, New York, N.Y. 10020; (718) 754-2900

	($ millions)
Total global custody assets	$16,000
U.S. tax-exempt	$1,765
U.S. taxable	$8,667
Account supervisors	17
Reports available on-line:	
Monthly transaction	
Asset & liability	

Morgan Stanley Global Securities Services services Japan directly by its global custody network. Thirty-two other countries are served by subcustodians. The bank assists clients with foreign tax withholding in 14 countries.

Fees are unbundled and fall into two categories: an asset-based fee, applied to average assets in each country, and a transaction-based fee, attributed to each security movement in that country.

Record-keeping services include multicurrency reporting, dividend processing, corporate action and reorganization coverage, daily reporting, foreign exchange, securities lending and cash management.

The client contact in the United States is John A. Roberts at (201) 915-3901.

NBD Bank

611 Woodward Ave., Detroit, Mich. 48226; (313) 225-2600

	($ millions)
Total global custody assets	$500
U.S. tax-exempt	$500
Account supervisors	3

The United Kingdom and Japan are serviced by NBD Bank's global custody network. Twenty other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding in all countries served by the global custody network.

Fees are calculated on the basis of asset value and transaction charge, by location of country, subject to a minimum charge.

The client contact is Jon R. Mittler.

NCNB

1 NCNB Plaza T10-10, Charlotte, N.C. 28255; (704) 386-5115

	($ millions)
Total global custody assets	$600
U.S. tax-exempt	$600
Account supervisors	3
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

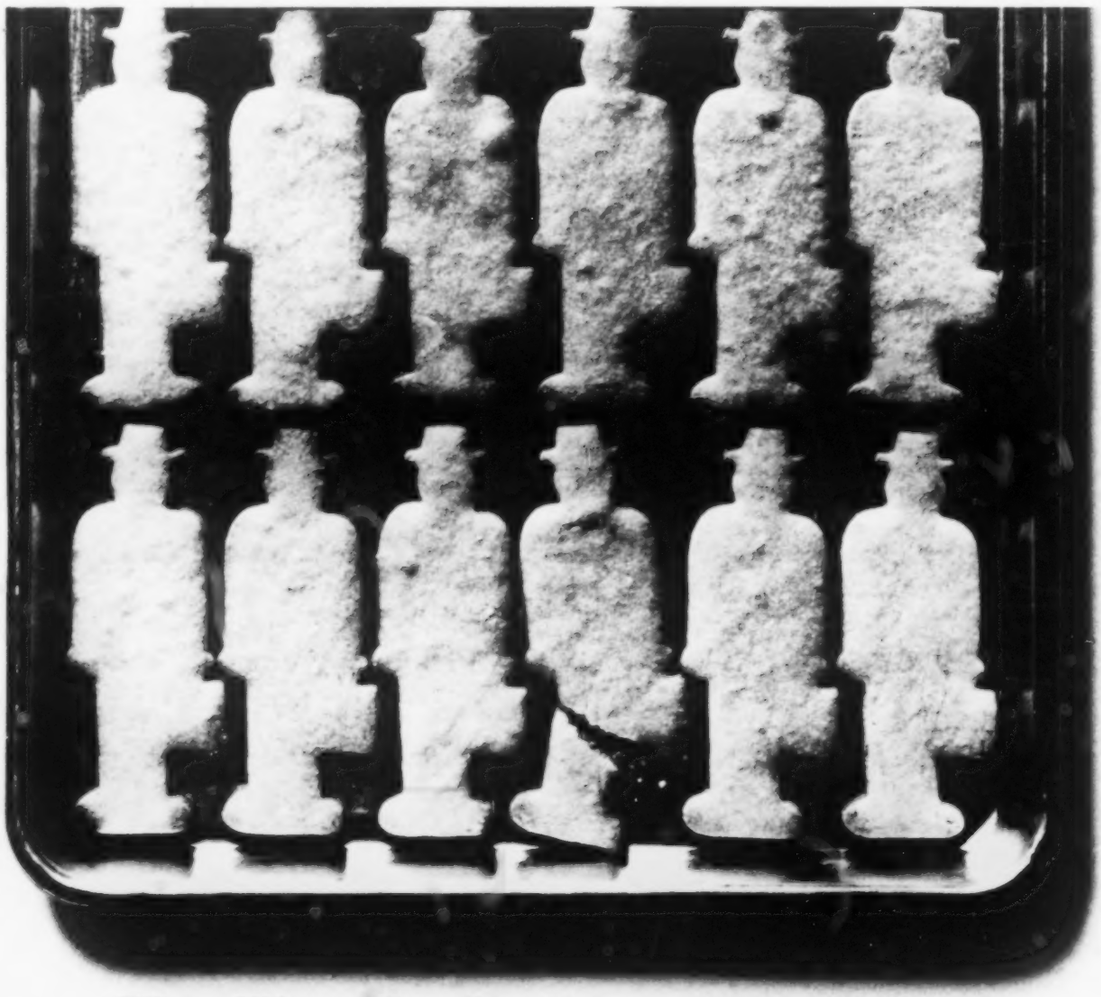
NCNB offers a "private label" product for which Chase Manhattan Bank is the primary supplier of the subcustodial network.

Thirty-three countries are serviced by the global custody network. The bank assists clients with foreign tax withholding in all 33 countries.

Fees are calculated on the basis of an account fee of $7,500 per account per year and a market value fee of 16 basis points per year.

The client contacts are James D. Wahl and F. Huling Poston.

Post-1992 Europe: Oct. 28.



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The Northern Trust Co.
50 S. LaSalle, Chicago, Ill. 60675; (312) 630-6000

	($ millions)
Total global custody assets	$24,000
U.S. tax-exempt	$13,500
U.S. taxable	$1,900
Account supervisors	69
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

The Northern Trust Co.'s global custody network services the United Kingdom and the United States. Thirty other countries are served by a subcustodian. The bank assists clients with foreign tax withholding in all the countries.

Fees are negotiated on a case-by-case basis.

Record-keeping services include tax reclamation reporting, full multicurrency performance measurement, international proxy services, payable date income crediting in major markets, international securities lending, multicurrency interest-bearing short-term investment vehicles with cash projection reporting and participant-level reporting for commingled funds.

The client contact is Jennifer Tretheway.

Norwest Bank Minnesota
Norwest Center, Sixth & Marquette, Minneapolis, Minn. 55479; (612) 667-4073

	($ millions)
Total global custody assets	$216
U.S. tax-exempt	$52
U.S. taxable	$164
Account supervisors	10
Reports available on-line:	
Monthly transaction	
Asset & liability	

Norwest Bank Minnesota offers a "private label" product, for which Morgan Stanley is the primary supplier of the subcustodial network.

Thirty-three countries are serviced by the global custody network. The bank assists clients with foreign tax withholding in all countries.

Fees are calculated based on market value plus transaction fees.

Record-keeping services include mutual fund accounting and shareholder services, and international securities lending.

The client contact is Bob Smith.

Royal Trust Corp. of Canada
Royal Trust Global Custody, King's Head House, King's Head Yard, Borough High St., London SE1 1NA, U.K.; 71-236-6044

	($ millions)
Total global custody assets	$36,000

Royal Trust Corp. of Canada, which specializes in global custody for Canadian-based investors, services the United Kingdom and Canada. Twenty-two other countries are served by a subcustodian.

The bank assists clients with foreign tax withholding in Australia, Finland, Japan, New Zealand, Norway and the United States. Tax reclamation is provided in most markets.

Fees are negotiated individually, based on asset value, transactional activity and value-added services.

Record-keeping services include portfolio valuation summary and valuation by country/currency; book value reconciliation; purchases and sales by country/currency; pending trades; capital issues; accrued dividends and interest; cash summary; foreign exchange transactions and summary; and exchange rate reporting.

The client contact in Toronto is Mary Taylor at (416) 981-6982.

Security Pacific-The Sequor Group
127 John St., New York, N.Y. 10038; (212) 952-9278

	($ millions)
Total global custody assets	$11,000
U.S. tax-exempt	$2,500
U.S. taxable	$5,500
Account supervisors	35
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Security Pacific — The Sequor Group's global custody network services Chile, France, Hong Kong, Japan, Malaysia, Singapore, Switzerland, Thailand, the United Kingdom and United States. Eighteen countries are serviced by a subcustodian.

The bank assists clients with foreign tax withholding in all countries serviced by the global custody network.

Fees are calculated on the basis of market value and transaction activity.

Record-keeping services include cash management, foreign exchange, global master trust, multicurrency valuations, securities lending, tax reclamation reporting, global proxy reporting and performance measurement.

The client contact is Cathy V. Holsey.

State Street Bank and Trust
P.O. Box 1992, Boston, Mass. 02105-1992; (617) 847-2511

	($ millions)
Total global custody assets	$85,950
U.S. tax-exempt	$36,526
U.S. taxable	$13,600
Account supervisors	91
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

State Street Bank and Trust Co.'s global custody network services the United Kingdom and the United States. Thirty-one other countries are served by a subcustodian. The bank assists clients with foreign tax withholding in all countries served by the global custody network.

Fees are unbundled and are allocated by asset value, transactions and subcustodian holding costs.

Record-keeping services include international mutual fund accounting, multicurrency performance measurement, international 24-hour securities lending, consolidated record keeping for worldwide affiliates, international cash management and global proxy voting.

The client contact is Frank D. Antin.

SunTrust Banks Inc.
25 Park Place, Atlanta, Ga. 30303; (404) 588-8636

	($ millions)
Total global custody assets	$5,770
U.S. tax-exempt	$70
U.S. taxable	$5,700
Account supervisors	1
Reports available on-line:	
Monthly transaction	

SunTrust Banks Inc. offers a "private label" product, for which State Street Bank and Trust Co. is the primary supplier of the subcustodial network.

Thirty-three countries are serviced by the global custody network.

Fees are based on face value or market value of assets.

Record-keeping services include U.S. and global asset consolidation reports on a limited basis.

U.S. Trust Co. of New York
114 W. 47th St., New York, N.Y. 10036-1532; (212) 852-1000

	($ millions)
Total global custody assets	$1,862
U.S. tax-exempt	$600
U.S. taxable	$1,262
Account supervisors	4
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

U.S. Trust Co. of New York's global custody network services 31 countries.

The bank assists clients with foreign tax withholding in all countries serviced by the global custody network.

Fees are asset and transaction based.

Record-keeping services include advanced performance measurement, daily pricing and accruals, cash management, investment analytics, global securities lending and multicurrency reporting.

The client contact is Robert E. Furst.

Wachovia Corp.
301 N. Main, Winston-Salem, N.C. 27150; (919) 770-6348

	($ millions)
Total global custody assets	$850
U.S. tax-exempt	$567
U.S. taxable	$283
Account supervisors	5
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Wachovia Corp. offers a "private label" product, for which Chase Manhattan-London is the primary supplier of the subcustodial network.

Fees are calculated on the basis of the market value of the assets and transaction costs by country.

Charlotte firm is acquired

CHARLOTTE, N.C. — Sterling Capital Management has acquired Trinity Capital Advisors. Both firms are in Charlotte.

The principals of Trinity — David Ralston, Mark Whalen and Alex McAlister — will become principals of Sterling.

With the acquisition, Sterling will have $750 million under management, of which $450 million is for pension, profit-sharing and endowment plans.

Sterling is a balanced manager using intermediate-term bonds. Trinity Capital specialized in short-term fixed-income portfolios, which now will be offered by Sterling.

Sterling is owned by United Asset Management Co. ■

When Burroughs And Sperry Merged Into Unisys, Which Master Trustee Did They Bring On Line?

UNISYS

The Burroughs/Sperry merger was the largest ever for the computer industry.

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Biding their time

U.K. banks slow in entering U.S. market

While U.S. master trust banks are storming the U.K. pension market for business, U.K. trust banks are treading lightly in the U.S. pension fund custody market.

U.K. banks did not have ERISA to provide an impetus to develop master trust systems. For years, U.S. banks were significantly more advanced in their flexibility, report-delivering ability, on-line data information features, linkage with such ancillary products as securities lending and foreign exchange services and services to investment managers. Now the gap has narrowed, so U.K. banks are in a position to compete more closely for market share.

The Big Bang, the Group of Thirty recommendations on refining settlement procedures and new depository and settlement systems in London may give U.K. custodians an impetus to generate new ideas and new ways to pursue pension fund business, but it will take some time.

"ERISA was passed in 1974. Master trust products did not develop until around 1980," said Peter Demmer, chairman of Sterling Resources Inc., New York, a strategic consulting and perfor-

See **U.K.** *on page 47*

LIBOR

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Inroads

Continued from page 18

tody might become more attractive.

Citibank has had significant success in the Netherlands, where it has marketed since 1987. It has 1.14 billion pounds ($2 billion) under master custody from three large pension funds.

After only a year of marketing to U.K. pension funds, Bankers Trust has about 2.29 billion pounds ($4 billion) in master custody assets from funds including British Petroleum Co. and another 2.57 billion pounds ($4.5 billion) for unit trusts, the U.K. equivalent of mutual funds, said Mark Kerns, marketing director for Bankers Trust's master custody service.

The service was launched as a joint venture with the WM Co., which Bankers Trust acquired in 1987. One motivation for the acquisition was to build a master custody service catering to European clients. Now the bank is expanding business on the Continent.

While the majority of U.S. banks are focusing master custody efforts on externally managed funds, Bankers Trust also is focusing on internally managed funds like BP. "They want the integration of custody, reporting and performance measurement and a single input updating all of those functions. Other banks don't have the front-end capabilities," Mr. Kerns said.

State Street London has 5.1 billion pounds ($8.98 billion) in U.K. custody assets for 43 clients, a dozen of them pension funds. The funds represent more than 50% of the total.

Boston Safe Deposit & Trust Co. U.K. Ltd. has 286 million pounds ($500 million) in U.K.-sourced global custody assets. The relationships are with fund managers or pension funds. The bank has no master custody business as yet, but is actively pursuing such relationships with pension funds and insurance companies, according to Philipp Mayer, managing director of Boston Safe.

Bank of New York is beefing up its U.K. efforts, which began 18 months ago. It just hired a third professional to oversee client relationships. It has more than 4.6 billion pounds ($8 billion) in U.K. custody assets, not all of it for pension funds.

Without a master custodian, U.K. funds "cannot aggressively manage cash balances or lend securities, which is big money. . . . Anyone who says it's about consolidated reporting is out of their mind," said Michael Borkan, vice president of Bank of New York. ■

Banks

Continued from page 17

banks are better suited to certain tasks than others," he said.

While some sources claim using multiple trustee banks could be more expensive than using one or two, others say fees are negotiable and some trustee relationships are not based on the total asset size of the plan but on transactions, which lowers the overall cost.

Richard Adamski, treasurer at the giant $100 billion Teachers Insurance and Annuity Association-College Retirement Equities Fund, New York, said trustees are hired for specific expertise in handling fixed-income or equity securities. TIAA's master trustees are Citibank and Morgan Guaranty Trust Co. CREF's master trustees are Bankers Trust and Morgan Guaranty.

"Certain banks have systems more geared to specific needs," Mr. Adamski said. "Some have developed specific types of reporting capabilities and specialize in corporate debt securities or in equity securities.

"For us, we take our equity ownership responsibility very seriously and, as a result, you have proxy materials and other statements. Our banks ensure that all proxy notices are received by us on a timely basis. The other banks have more sophisticated accounting systems for corporate debt for our needs."

He said TIAA-CREF doesn't consciously play its banks against each other, but having multiple relationships is a "healthy situation . . . and enables us to compare service capabilities and it provides us with market intelligence on pricing structures and pricing trends."

The use of multiple master trustees is not widespread and might shrink further in years ahead as plan sponsors review fee structures and continue the long-standing trend of consolidating banking relationships. The trend is evident not only in the trust area but in other areas of corporate finance, such as treasury and cash management, where consolidation has been under way for several years.

David Pittman, director-trust institutional services for Northern Trust Bank of Texas, Dallas, said the use of multiple trustees by some plans "just evolved over time. . . . If they were selecting today, they probably wouldn't select that way. If they were to conduct an evaluation of their needs today, they probably would put all their business with a single trustee; the trend now is to consolidate." ■

Rank

Continued from page 17

on the part of the bank to build relationships between the bank and investment managers.

Thomas Kimen, senior vice president at Northern Trust, said, "we treat managers like clients, calling on them on a regular basis."

A Harris Bank spokeswoman said while many banks handle relations through marketing people in an operations department, Harris has an investment manager relations unit, which reports directly to the manager of the master trust department.

In the previous *P&I* manager survey conducted in 1988, Marshall & Ilsley Trust Co., Milwaukee; Ameritrust Co., Cleveland; and Wilmington Trust Co., Wilmington, Del.; topped the listing in overall ratings. In this year's survey, Wilmington Trust ranked fifth in overall satisfaction with an average rating of 4.06 from 16 managers; and Ameritrust ranked 10th with 3.87 from 23 managers. Marshall & Ilsley was dropped inadvertently from the survey sheet.

This year, Northern Trust topped the listing in average ratings of security clearance, with 4.11 from 95 respondents, and tied with Continental as tops in up-to-date cash/transaction activity reports with a ranking of 4.14 from 96 respondents; Continental had 28 respondents.

For global custody, the highest average rating went to Continental Bank, with 4.45 from 11 respondents. In the 1988 survey, only 16 of the 32 banks ranked were rated on their global custody services; of those, Bank of New York topped the list with 4.33 from three managers. This year, all 30 banks in the survey were rated on global custody.

Continental also received the top satisfaction rating for automatic investment of cash balances, with 4.36 from 28 managers, and for account representative capabilities, with 4.3 from 30 managers.

SunTrust Banks Inc., Atlanta, was ranked highest in manager satisfaction for prompt cash crediting, with a 4.33 average rating from six managers.

Wilmington Trust, with 4.27 from 15 managers, topped the average satisfaction ranking for reporting accuracy, which it also led in the 1988 survey.

Boston Safe Deposit and Trust Co., Boston, received an average of 4.22 from 79 managers to lead the survey's rating of the institutions' cooperativeness. ■

U.K.

Continued from page 46

mance support firm.

Nevertheless, U.K. banks led by Midland Securities Services, Barclays Global Securities Services and County NatWest Securities Corp. have invested heavily in upgrading systems and customizing to fit European markets, which have different accounting conventions and styles of dealing with managers and banks.

Midland, which has been marketing in the United States for 18 months, is one of the few U.K. banks with a chunk of U.S. business ($5.5 billion), though none is for pension funds directly. Midland is marketing its private label custody services to U.S. regional banks and its U.K.-only capabilities to U.S. global custody banks.

"We are the largest custodian in the U.K. of overseas-owned assets catering to the wholesale end of the industry. We would not wish to go in and sell directly to their client base," said Richard Hogsflesh, sales and marketing director at Midland.

Still, Midland began marketing its U.K. and Pacific Basin capabilities directly to major U.S. pension funds that invest so much internationally they could build their own network of agent banks instead of having one global custodian. It is responding to eight requests for proposals.

Mr. Demmer cautioned that U.S. banks should not underestimate the potential competition. "In the United States, U.K. banks operate with the same advantages as U.S. banks had in the United Kingdom: a fresh approach," he said. ■

— Marlene Givant Star

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The international weighting puzzle

Exploring alternatives to capitalization

By Greg Allen and Carol Allen

In the quest for a reasonable performance benchmark for international equity portfolios, the issue of what weight to assign each country is often called into question.

Capitalization weighting is the most common approach, with Morgan Stanley Capital International, Goldman Sachs/FT Actuaries and Salomon Brothers all maintaining indexes of this type. The justification for capitalization weighting a portfolio is actually twofold.

On the one hand, there is a theoretical argument that stems from the Capital Asset Pricing Model that says that under an extremely restrictive set of assumptions, capitalization weighting yields an efficient portfolio. On the other hand, cap-weighted portfolios are relatively easy to maintain because the rebalancing process pretty much takes care of itself.

The first argument breaks down when portfolios are being built with securities from a diverse set of markets.

Cultural and economic barriers to asset flows between countries ultimately cause entire markets to be mispriced relative to one another.

Perhaps the most striking example of this is in the Japanese equity market, where local investor preference for Japanese securities has pushed price-to-earnings ratios for the stocks to levels rarely seen in other countries. This relative mispricing almost guarantees that a cap-weighted portfolio will offer an inefficient trade-off between risk and return. In a practical sense it also guarantees volatile Japanese securities will play an inordinately large role in determining total return.

Many weighting schemes have been advanced for the construction of international indexes to avoid this problem. This article briefly explores two such schemes — gross domestic product weighting and import weighting — and contrasts them with a cap-weighted approach.

The comparison will be done in the context of relative country weights; historical risks and returns; and the costs associated with portfolio turnover. Overall,

See **Weight** *on page 49*

Greg Allen and Carol Allen are manager-quantitative consulting and investment analyst, respectively, at Callan Associates Inc., a San Francisco consulting firm.

Table 1

Weighting schemes for international benchmarks

Australia	2.7%	2.7%	2.1%
Belgium	1.1	2.0	2.1
Finland	0.3	1.4	0.6
Germany	6.3	15.0	12.6
Italy	2.4	10.8	5.8
New Zealand	0.2	0.4	0.5
Norway	0.4	1.1	0.9
Spain	1.9	4.9	1.5
Switzerland	3.2	2.3	2.3

Table 2

Indexes' performance before transaction costs

EAFE (capitalization weighted)	17.27%	21.78%	0.793
Trade-weighted	18.71	20.90	0.895

Table 3

Indexes' performance after transaction costs

EAFE (capitalization weighted)	17.27%	21.78%	0.793
Trade weighted	18.39	20.90	0.880

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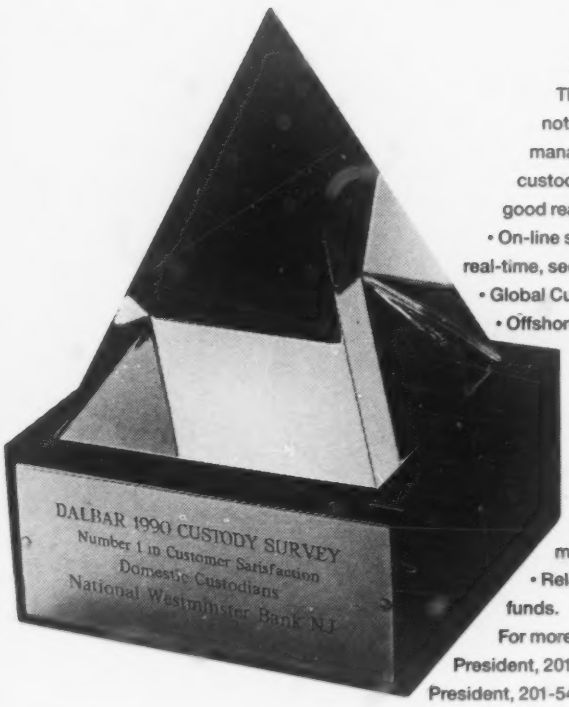

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Weight

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the import-weighted index seems to have the best trade-off between risk and return.

The argument for GDP-weighting systems stems from the problem of relative mispricing of equity securities across markets.

It is reasoned that, in the absence of consistent securities pricing information, physical production of goods and services serves as a reliable economic proxy for capitalization. This leads to the conclusion the appropriate weight for a country in an international index can be determined by its relative level of GDP.

The primary argument for import weights stems from the liability side of a pension plan.

It is argued the growth of a plan's active liabilities is ultimately driven by inflation. Furthermore, to the extent a future retiree's consumption basket will be composed of goods and services produced outside the United States, this inflation is global in nature. Thus, in order to hedge the plan's assets against this global inflation, equity securities should be held in foreign countries in proportion to the amount that is imported from those countries. This way, retirees' purchasing power will be preserved relative to the prices of goods and services they ultimately will need to buy.

In this comparison, the MSCI Europe Australia Far East Index will be used as the cap-weighted index. All three of the indexes discussed were constructed using MSCI rates of return for the individual countries. The only difference among the three is the relative weights assigned to the countries at the beginning of each quarter.

The weights for the second quarter of 1991 for each index are presented in Table 1.

Table 2 shows the return and risk for each index, as well as the ratio of return to standard deviation. The time period is from the first quarter of 1980 through the second quarter of 1991. The data in this table assume zero transaction costs and quarterly rebalancing.

From this table it is clear both the GDP- and import-weighted indexes have offered a reduced level of risk relative to a cap-weighted index during this period. In addition, the difference in weights combined with the rebalancing process seems to have contributed positively to return.

This result isn't surprising, as rebalancing generally forces the portfolio manager to sell securities that have done relatively well and to buy securities that have performed poorly. This passive process of selling high and buying low generally has a positive impact on return. This is especially true when there is a high degree of disparity in return behavior across markets as is the case with international portfolios.

Unfortunately, conclusions drawn from Table 2 ignore a critical component of the investment process. Different index approaches require different degrees of turnover to retain their proper weights. Cap-weighted portfolios by their nature require very little rebalancing. When the value of an issue (or country) increases, its weight in the index increases by a commensurate amount. Thus, no liquidation of the security (or securities within a country) is required for rebalancing purposes.

With other weighting schemes, this is not the case. From the moment the assets are invested, changes in relative prices are going to pull the index from its desired weights. In principle, this might require the index be rebalanced constantly. In practice, however, a monthly, quarterly, or annual rebalancing strategy usually is employed.

In order to get a flavor for just how significant the impact of rebalancing might have been, turnover was examined during the same time period. Table 3 summarizes the return and risk for each index assuming quarterly rebalancing with no execution error, and transaction costs of 100 basis points for both buys and sells.

The addition of transaction costs into the analysis had no appreciable impact on the risk associated with any of the portfolios. The annual returns, however, were reduced for both the GDP- and import-weighted portfolios by about 30 basis points relative to their zero-transaction-cost benchmarks. This presents a significant drag on total return that actually reduced the return of the GDP-weighted portfolio below that of the EAFE index.

On a risk-adjusted basis, however, both alternatives outperformed the EAFE. Further simulation analysis indicated that by changing the rebalancing frequency to annually from quarterly, the impact of transaction costs could be cut in half with no significant impact on the risk of the portfolios.

The conclusion that can be drawn is that GDP- and import-weighted indexes are viable benchmark alternatives to a cap-weighted approach. Both alternative schemes will reduce a portfolio's exposure to Japanese securities, and both would have resulted in a reduction in risk during the past 11 years.

In implementing these approaches, however, one can expect a significantly higher level of annual turnover that implies an associated increase in transaction costs. Furthermore, to the extent this turnover is anticipated by the broker-dealer community, transaction costs could increase significantly relative to the 100 basis points assumed in this analysis. This would suggest equity index derivatives probably should be employed for successful implementation of this type of program. ■

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Minority

Continued from page 3

Mr. Spruill also believes, however, it will take more than political connections for racial minorities and women to continue to get business.

The minority- and women-owned firm that has taken in the most money for the first eight months of 1991 is NCM Capital Management, Durham, N.C., with $301 million in new tax-exempt assets, bringing its tax-exempt total to $1.06 billion.

NCM's 1991 growth is no surprise. Among all investment firms with assets between $500 million and $1 billion, NCM was the fastest growing money manager for the five years ended Jan. 1, increasing assets under management more than 10,000% (*P&I*, July 8).

Behind NCM was Amerindo Investment Advisors Inc., San Francisco, which reported $200 million in new tax-exempt assets as of June 30, bringing its total to $756.8 million.

Rounding out the top five are Capitalcorp Inc., San Francisco, $155 million; Beal Investment Co., New York, $130 million; and Tiffany Capital Advisors Inc., San Ramon, Calif., $9?.5 million.

All of the top five have more than $100 million in tax-exempt assets under management.

Among firms with less than $100 million, Sturdivant & Co. Inc., Camden, N.J., reports receiving $49 million; Smith, Graham & Co. Asset Managers, Houston, $45 million; RhumbLine Advisers Corp., Boston, $38 million; Gramercy Capital Management Corp., New York, $30 million; and LM Capital Management, La Jolla, Calif., $27 million.

The manner in which minority managers garnered assets under management ranged from responses to requests for proposals, to becoming members of minority trusts, to acquiring seasoned money management professionals who brought assets with them.

Capitalcorp increased its assets under management by $155 million on May 1 when it hired four portfolio managers from Associated Capital, San Francisco, said Joan Muller, vice president, marketing. Capitalcorp now has $212 million of tax-exempt assets under management.

Other money managers were able to add assets by taking advantage of the opportunities presented by minority trusts.

Greaves Capital Management Inc., Atlanta, which oversees $380 million of tax-exempt assets, is a member of three such trusts: the Progress Common Trust, offered by Progress Investment Management Co., San Francisco; Americas Fund, sponsored by Evaluation Associates of Norwalk, Conn.; and the Minority Equity Trust of Bankers Trust Co., New York.

Greaves picked up $135 million so far in 1991, of which $85 million came from new clients. The remaining $50 million came from existing clients, including the trusts, although the exact amount from the trusts could not be broken out.

Among the pension funds hiring minority- and women-owned firms, the $18.9 billion New York City Employees' Retirement System was among the most active, according to *P&I* reports.

Since the beginning of the year, the system committed $100 million to Progress; $24 million to Zevenbergen Capital Management, Seattle; and $25 million to Executive Investment Advisors, Philadelphia.

Another New York City fund — the $5.2 billion New York City Teachers Variable Fund — also added minority managers to its roster, hiring Beal Investment to manage $60 million and Sturdivant to receive $10 million.

Other plan sponsors engaging minority- and women-owned investment managers include: the $12 billion Colorado Public Employees Retirement Association, Denver, which hired NCM for $25 million; the $450 million pension fund of Dominion Resources Inc., Richmond, Va., which hired Smith, Graham for a $5 million allocation; and the $4 billion Illinois State Universities Retirement System, Champaign, which hired Zevenbergen for $15 million and Ariel Capital Management, Chicago, for $25 million. ■

Oregon

Continued from page 2

whether any money was lost as a result of the transactions in question.

Mr. Canby declined to comment. He referred questions to attorney Walter Todd of Todd & Kunhns, Salem.

Mr. Todd couldn't be reached for comment following repeated attempts. Mr. Lemman said the Justice Department can't provide details on the investigation because it is "active;" he said his department doesn't want to be "tipping off people" who might be questioned as part of the investigation.

Even though the Justice Department refused to provide details of the investigation, the Peat Marwick study of the mortgage program does identify areas of concern and makes 27 recommendations.

The study said it "documented the lack of controls, policies and procedures relating to the commercial real estate mortgage and foreclosed real estate functions" of the commercial mortgage program.

The study describes the real estate investment officer, the position held by Mr. Canby, as having virtually unlimited power over the program. The study said there were no audits of his performance or the performance of the program other than those done by Mr. Canby.

According to the study, the real estate investment officer had the ability to authorize the purchase of commercial real estate mortgages, decide from whom they would be purchased and authorize the wire transfer of funds to purchase them. He determined when to sell properties and at what price, and then prepared his own performance reports.

The investment division had no formalized process for doing underwriting or due diligence on those investments, according to the study.

The study said Mr. Canby was solely responsible for approval of proposed investments. It said there were no documented limits for approval or requirement of a secondary authorization from the investment division manager, James C. George.

Mr. George didn't respond to telephone calls requesting comment.

The Oregon treasury had not established a loan committee or other review group to approve large or concentrated mortgage program investments, the study said.

The Treasury, said the study, also had formalized policies and procedure manuals, but no procedure to make sure the manuals had been properly distributed or read.

Until the early 1980s, the study said, investments in the mortgage lending program were serviced and managed by outside financial institutions.

But with the subsequent failure of many of those institutions, the treasury found itself attempting to internally manage the program, the study said.

The treasury, however, didn't have adequate staffing or controls to manage the assets properly. In a multitude of recommendations, KPMG Peat Marwick said the treasury should hire additional personnel and should institute strict internal controls, policies and procedures to enforce them.

In a written statement, Tony Meeker, Oregon treasurer, said he is implementing the recommendations.

"No feeble excuses or finger-pointing will be offered to divert attention from the necessity to take action to prevent future abuse at the expense of the public trust," said Mr. Meeker.

Mr. Lemman said he doesn't know when the justice department's investigation will end.

Investigators need to conduct a "thorough" investigation that involves "millions of dollars over a period of years," he said. ■

PRIM

Continued from page 2

has suffered from the economic recession in the United Kingdom and some overbuilding of office space in London.

Meanwhile, property values in the United Kingdom have declined between 25% and 50%, a source said.

As for the AEW portfolio, Renny Merritt, director of client services for AEW, confirmed AEW offered to resign because of the PRIM board's "deep disappointment" over the performance of its portfolio with AEW.

AEW's proposal is supposed to be taken up at the next PRIM board meeting, set for Nov. 5.

PRIM asked three existing managers — TCW Realty Advisors, Los Angeles; Heitman Advisory Corp., Chicago; and Copley Real Estate Advisors, Boston — to consider taking over the properties.

"We don't want to change until we are confident another manager could pick up the situation and move ahead with it," Mr. Doane said. Plus, PRIM would like to reduce the size of its stable of realty managers; the fund has 11 real estate managers.

The AEW portfolio has eight investments including a large shopping center in Texas; an undeveloped property in New Jersey; an apartment building in the Charlestown section of Boston; a mall in California; and industrial warehouses in the Northeast.

"Some have been disappointing; others have held their own," Mr. Doane said of the properties in the AEW portfolio. But, "the bad ones are a major commitment in the portfolio. So the entire portfolio has suffered by a major amount," he said.

PRIM's devaluation of its real estate portfolio was done to try to "accurately determine what we think represents the values as of June 30," when a new administration took over at PRIM, Mr. Doane said.

"The figure we have is not at this point reflective of certain values provided by our managers," Mr. Doane said. "It's conceivable that (managers) values may lag by six or nine months." ■

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